



Washington State Auditor's Office

Government that works for citizens

Financial Statements and Federal Single Audit Report

Spokane Housing Authority

Spokane County

For the period July 1, 2014 through June 30, 2015

Published March 7, 2016

Report No. 1016244





Washington State Auditor's Office

March 7, 2016

Board of Commissioners
Spokane Housing Authority
Spokane, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the Spokane Housing Authority's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the Housing Authority's financial condition.

Sincerely,

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

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FEDERAL SUMMARY

Spokane Housing Authority Spokane County July 1, 2014 through June 30, 2015

The results of our audit of the Spokane Housing Authority are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

Financial Statements

An unmodified opinion was issued on the financial statements of the business-type activities and the aggregate discretely presented component units.

Internal Control Over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the Housing Authority.

Federal Awards

Internal Control Over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the Housing Authority's compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

Identification of Major Programs:

The following was a major program during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
14.871	Section 8 Housing Choice Vouchers

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$851,800.

The Housing Authority qualified as a low-risk auditee under OMB Circular A-133.

STATUS OF PRIOR FEDERAL AUDIT FINDINGS

This schedule presents the status of federal findings reported in prior audit periods. The status listed below is the representation of the Spokane Housing Authority. The State Auditor's Office has reviewed the status as presented by the Housing Authority.

Audit Period: July 2013-June 2014	Report Ref. No: 1013778	Finding Ref. No: 2014-001	CFDA Number(s): 14.871
Federal Program Name and Granting Agency: Section 8 Housing Choice Vouchers U.S. Department of Housing and Urban Development (HUD)		Pass-Through Agency Name: NA	
Finding Caption: Spokane Housing Authority did not have adequate internal controls to comply with the requirements of its Section 8 Housing Choice Voucher federal grant program.			
Background: <p>The Spokane Housing Authority manages low-income housing opportunities in Whitman, Pend Oreille, Lincoln, Stevens, Ferry and Spokane Counties. The Housing Authority received \$26.3 million for the Section 8 Housing Choice Voucher Program in fiscal year 2014. The program is designed to aid very low-income families in obtaining decent, safe and sanitary rental housing by issuing vouchers. The grantor approved the Authority to issue more than 5,000 Housing Choice Vouchers for the year ending June 30, 2014.</p> <p>The Authority accepts applications for rental assistance, selects eligible applicants and issues vouchers after confirming eligibility for assistance. The family must then locate and lease a suitable dwelling. The Authority pays the property owner a portion of the rent on behalf of the family. Our audit identified housing assistance calculation errors; and instances of failed inspections where re-inspection was not conducted timely and payments were not withheld after the termination deadline.</p>			
Status of Corrective Action: (check one) <div style="display: flex; justify-content: space-between;"> <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> No Corrective Action Taken <input type="checkbox"/> Finding is considered no longer valid </div>			

Corrective Action Taken:

1. Reviewed errors with staff, supervisors and management.

All eligibility calculation errors were reviewed and discussed.

2. Determined course of action to resolve findings including repayment of questioned costs.

All questioned costs and/or corrections for questioned costs were made with consultation and approval by HUD.

3. Continue efforts in establishing adequate internal controls to ensure compliance with federal requirements for the Section 8 Housing Choice Vouchers Program including Allowable Costs, and Housing Quality Standards Enforcement.

Spokane Housing Authority hired in November 2014, a Quality Assurance Administrator position specifically responsible for compliance and quality control reviews utilizing applicable program regulations, funding source requirements, and SHA policies, systems and practices. The quality control reviews consist of random quality control HQS inspections and random quality control file audits, as well as PIC error review. This position works closely with management to review and recommend changes in policies/procedures, forms and documentation requirements in accordance with applicable federal, state, local and agency regulations, rules, laws, and procedures. SHA is continually striving for a zero error rate by remaining dedicated to continual process review and training to achieve a successful outcome.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**Spokane Housing Authority
Spokane County
July 1, 2014 through June 30, 2015**

Board of Commissioners
Spokane Housing Authority
Spokane, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Spokane Housing Authority, Spokane County, Washington, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated February 5, 2016. As discussed in Note 3 to the financial statements, during the year ended June 30, 2015, the Housing Authority implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.

Our report includes a reference to other auditors who audited the financial statements of Cornerstone II – The Borning Building Limited Partnership, Cornerstone II – Helena Apartments Limited Partnership and Martindale Apartments Limited Partnership, as described in our report on the Housing Authority's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. The financial statements of the Cornerstone II – The Borning Building Limited Partnership, Cornerstone II – Helena Apartments Limited Partnership and Martindale Apartments Limited Partnership were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these partnerships.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Housing Authority's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free from material misstatement, we performed tests of the Housing Authority's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's internal control or on compliance. This report is an integral part of an audit

performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive, flowing style.

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

February 5, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

**Spokane Housing Authority
Spokane County
July 1, 2014 through June 30, 2015**

Board of Commissioners
Spokane Housing Authority
Spokane, Washington

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM**

We have audited the compliance of the Spokane Housing Authority, Spokane County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. The Housing Authority's major federal programs are identified in the accompanying Federal Summary.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those

requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the Housing Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies

in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

PURPOSE OF THIS REPORT

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive, flowing style.

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

February 5, 2016

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Spokane Housing Authority Spokane County July 1, 2014 through June 30, 2015

Board of Commissioners
Spokane Housing Authority
Spokane, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Spokane Housing Authority, Spokane County, Washington, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed on page 18.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Cornerstone II – The Borning Building Limited Partnership, Cornerstone II – The Helena Apartments Limited Partnership and The Martindale Apartments Limited Partnership, which together represents 100 percent of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Cornerstone II – The Borning Building Limited Partnership, Cornerstone II – The Helena Apartments Limited Partnership and The Martindale Apartments Limited Partnership, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The Financial Statements of the Cornerstone II – The Borning Building Limited Partnership, Cornerstone II – Helena Apartments Limited Partnership and Martindale Apartments Limited Partnership were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Housing Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Spokane Housing Authority, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 3 to the financial statements, in 2015, the Housing Authority adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19 through 32 and pension trust fund information on pages 69 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Financial Data Schedule is supplementary information required by HUD. These schedules are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The combining statements for the Housing Authority's programs and tax credit partnerships is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit

of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2016 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.



TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

February 5, 2016

FINANCIAL SECTION

Spokane Housing Authority Spokane County July 1, 2014 through June 30, 2015

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2015

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2015

Statement of Revenues, Expenses and Changes in Net Position – 2015

Statement of Cash Flows – 2015

Notes to Basic Financial Statements – 2015

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportional Share of the Net Pension Liability – 2015

Schedule of Employer Contributions – 2015

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards and Notes – 2015

Financial Data Schedules – 2015

Combining Statement of Net Position – 2015

Combining Statement of Revenues, Expenses and Changes in Net Position – 2015

Combining Statement of Cash Flows – 2015

Combining Statement of Net Position – Component Units – 2014

Combining Statement of Revenues, Expenses and Changes in Net Position – Component
Units – 2014

Combining Statement of Cash Flows – Component Units – 2014

Spokane Housing Authority

Management's Discussion and Analysis

This narrative overview and analysis of the Spokane Housing Authority's ("SHA" or the "Housing Authority") performance through June 30, 2015 is provided as a supplement to SHA's year-end financial statements. Please read it in conjunction with the basic financial statements and the notes to the basic financial statements. The management's discussion and analysis is presented in conformance with the Government Accounting Standards Board (GASB) financial reporting model as set forth in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*.

The Spokane Housing Authority administers a broad range of federally and locally financed housing programs within the cities of Spokane and Spokane Valley and all unincorporated areas of Spokane County. SHA also serves the cities of Millwood, Deer Park, Medical Lake, Airway Heights, Spangle and Cheney within Spokane County and Lincoln, Pend Orielle, Stevens, Whitman, and Ferry counties through cooperative agreements. The Housing Authority owns and manages 851 units of housing and provides rental subsidies to over 5,200 additional households with the majority of SHA's program participants having incomes below 30% of the area median income.

SHA's financial statements are designed so that all activities of the Housing Authority, except the tax credit partnerships in which SHA is general partner, are reported as one total, and the tax credit partnerships are reported as component units in a separate total. SHA was the general partner during the year ended June 30, 2015 in five tax credit partnerships:

- Cornerstone II – The Borning Building Limited Partnership dba Cornerstone Courtyard (formed in 2004)
- Cornerstone II – Helena Apartments, Limited Partnership dba The Pearl on Adams (formed in 2008)
- Martindale Apartment Limited Partnership dba Agnes Kehoe Place (formed in 2010)
- Cedar Haven Limited Liability Limited Partnership (formed in 2015)
- Parsons Limited Liability Limited Partnership (formed in 2015)

All component units have a December 31 year-end and are reported as of December 31, 2014 in the financial statements. See Note 14 in the Notes to the Basic Financial Statements for additional information on the tax credit partnerships and SHA's relationship to them.

SHA consists exclusively of enterprise funds. Enterprise funds utilize the accrual basis of accounting, and are reported with the same method as used by private sector accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned and expenses, including depreciation, are recognized in the period in which they are incurred. All assets and liabilities associated with the operations of SHA are included in the statements of net position.

All tables in the Management's Discussion and Analysis feature the Housing Authority only and do not include the component units.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to SHA's basic financial statements. The basic financial statements are presented in accordance with U.S. generally accepted accounting principles (GAAP). GAAP requires the presentation of three basic financial statements (Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; and Statement of Cash Flows) and Notes to the Financial

Spokane Housing Authority

Management's Discussion and Analysis (continued)

Statements. These statements are prepared on the accrual basis and present all assets and liabilities and deferred outflows and inflows of resources of the Housing Authority, both financial and capital, and short and long term. They also represent all revenues and expenses of the Housing Authority during the year, regardless of when cash was received or paid. Collectively, the statements provide the results of the Housing Authority's operations and cash flows and information regarding its financial condition as of June 30, 2015.

The Housing Authority's basic financial statements include:

- **Statement of Net Position** - present the assets, liabilities, deferred outflows of resources, deferred inflows of resources and net position of the Housing Authority at the end of the fiscal year. The difference between the total assets and deferred outflow of resources and the total liabilities and deferred inflow of resources equals the Housing Authority's net position. Assets and liabilities are presented in the order of liquidity and are classified as "current" (convertible to cash within one year) and "noncurrent". Over time, increases or decreases in net position may serve as useful indicators of the Housing Authority's financial health.
- **Statement of Revenues, Expenses, and Changes in Net Position** - present information showing how SHA's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported for some items that will only result in cash flows in future years.
- **Statement of Cash Flows** report how SHA's cash and cash equivalents were used in and provided by its operating, noncapital financing, capital and related financing, and investing activities during the period reported. The net of these activities is added to the beginning year cash balance to reconcile to the cash and cash equivalents balances as of June 30, 2015. SHA uses the direct method of presenting cash flows, which includes a reconciliation of operating activities to operating income. These statements provide answers to such questions as where did cash come from, how was cash used, and what was the change in the cash balance during the year.
- **Notes to the Basic Financial Statements** provide financial statement disclosures that are an integral part of the basic financial statements. Such disclosures are essential to a comprehensive understanding of the information provided in the basic financial statements.

FINANCIAL HIGHLIGHTS

- SHA's assets and deferred outflows of resources are less than liabilities and deferred inflows of resources at June 30, 2015 by \$345 thousand (net position), a decrease of \$4.43 million (108.4%) from June 30, 2014. Of this deficit net position, a deficit of \$2.06 million is invested in capital assets, net of related debt (net investment in capital assets); \$1.49 million is restricted to meet externally imposed obligations (restricted net position); and \$224 thousand is considered unrestricted (unrestricted net position).
 - Restricted net position decreased by \$1.62 million primarily within the Housing Choice Voucher Program (HCV). This is a continuation of the Department of Housing and Urban Development's (HUD) compliance with federal cash management policy whereby disbursements made to the Housing Authority by HUD is offset by restricted reserves held by the Housing Authority. The US Treasury holds remaining federal authorized budget authority appropriated to SHA within a

Spokane Housing Authority

Management's Discussion and Analysis (continued)

program reserve for future disbursement when the Housing Authority incurs an eligible obligation or expense. The program reserve is considered revenue to the Housing Authority when received.

- The deficit in invested in capital assets increased by \$691 thousand. The current deficit is related to two factors: 1) Properties where a portion of the related debt issued has been set aside in restricted assets for future debt payment or capital reserves and; 2) Estimated depreciation exceeds reductions in capital debt from deferred principal payments on forgivable capital debt.
 - Unrestricted net position decreased by \$2.13 million primarily from the implementation of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. An adjustment of \$2.77 million was made as a result of the implementation of these GASB Statements. For further detail, please refer to Note 3 of the Notes to Financial Statements.
- Current assets decreased from previous year by approximately \$1.21 million (18.57%) represented by an increase in unrestricted current assets of \$434 thousand and a decrease in restricted current assets of \$1.65 million. The change in restricted current assets is primarily due to HUD's cash management policy whereby disbursements made to the Housing Authority by HUD are offset by restricted reserves held by the Housing Authority thereby transferring the restricted reserves once held by the Authority to a program reserve held by the US Treasury.
- Noncurrent assets decreased from previous year by approximately \$1.64 million (7.7%) represented by a increase in restricted noncurrent assets of \$18 thousand, increase in other noncurrent assets of \$2.5 thousand and a decrease in capital assets of \$1.66 million. The decrease in capital assets is primarily due to the selling of McDonald Manor Apartments in March 2015 and the recognition of depreciation on capital assets.
- Deferred outflows of resources related to pensions of \$235 thousand were recognized in 2015 from the implementation of GASB Statements No. 68 and 71.
- Current liabilities decreased by approximately \$995 thousand (40%) from previous year. The change is largely due to the balance principal payment made on the McDonald Manor Apartments promissory note that matured in April 2015 and the refinance of the Hifumi En Apartments promissory note that matured in October 2014. The notes were considered a current liability of the Housing Authority in the previous year. Other changes are due to fluctuations in the timing of due dates and subsequent payments of liabilities.
- Noncurrent liabilities increased by \$1.89 million (8.88%) from previous year primarily from the addition of a Net Pension Liability of \$1.88 million resulting from the implementation of GASB Statements No. 68 and 71. Other changes are due to fluctuations in the timing of due dates and payments made on long-term debt.
- Deferred inflows of resources related to pensions of \$916 thousand were recognized in 2015 from the implementation of GASB Statements No. 68 and 71.

Spokane Housing Authority

Management's Discussion and Analysis (continued)

- Total revenues decreased in comparison to 2014 by approximately \$729 thousand (2.21%). Government grants comprised mainly of the HCV Program and Public Housing Operating Subsidy decreased by approximately \$1.07 million (3.8%) primarily due to HUD's cash management policy offsetting revenue disbursements to the Housing Authority with Housing Authority restricted reserves. Tenant revenue increased over previous year by approximately \$18 thousand (.4%), and other operating revenues increased from 2014 by approximately \$329 thousand (57.5%) from administrative fees received from other Housing Authorities and operating and management fees received from SHA's tax credit component units.
- Total expenses increased by approximately \$561 thousand (1.68%) from 2014 expense levels. The majority of the change comprises of housing assistance payments increasing by \$1.46 million from higher Housing Choice Voucher leasing levels while other general expenses decreased by \$862 thousand as the previous year included a transfer of restricted reserve to the Department of Housing and Urban Development upon implementation of its' cash management policy. The remaining expenses combined decreased by \$37 thousand.

FINANCIAL ANALYSIS

Statement of Net Position

Spokane Housing Authority

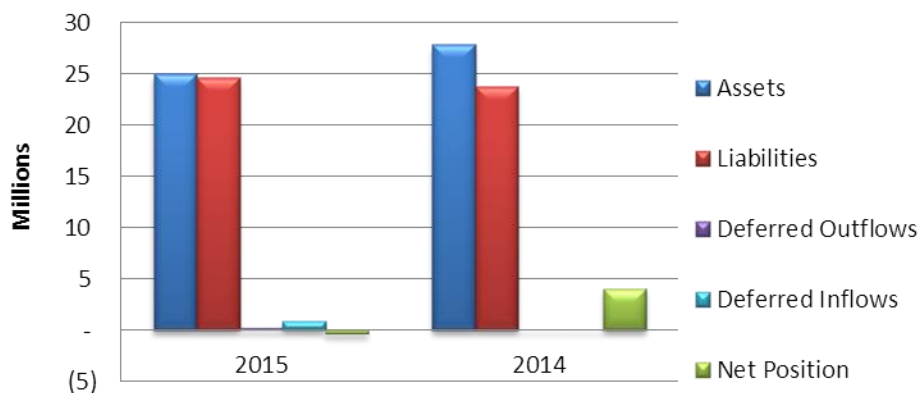
Management's Discussion and Analysis (continued)

The following table summarizes the Statement of Net Position as of June 30, 2015 and 2014:

	2015	2014
Assets		
Current Assets, Unrestricted	\$ 4,959,167	\$ 4,525,522
Other Current Assets, Restricted	353,361	1,998,915
Noncurrent Assets, Restricted	1,357,614	1,339,934
Other Noncurrent Assets	123,048	120,548
Capital Assets, Net	18,216,318	19,879,345
Total Assets	25,009,508	27,864,264
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	235,129	-
Total Deferred Outflows of Resources	235,129	-
Liabilities		
Current Liabilities	1,491,558	2,486,104
Long-term Liabilities	23,182,388	21,291,524
Total Liabilities	24,673,946	23,777,628
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions	915,730	-
Total Deferred Inflows of Resources	915,730	-
Net Position		
Net Investment in Capital Assets	(2,060,043)	(1,369,308)
Restricted	1,491,366	3,106,784
Unrestricted	223,638	2,349,160
Total Net Position	\$ (345,039)	\$ 4,086,636

The following presents the Statement of Net Position in graphical form:

Statement of Net Position



Spokane Housing Authority

Management's Discussion and Analysis (continued)

- Unrestricted current assets are comprised of unrestricted cash, receivables, prepaid items and inventories. Unrestricted current assets increased by \$434 thousand or 9.58% from June 30, 2014 to June 30, 2015. This increase is primarily in cash and a receivable due from HUD for eligible administrative fees for the HCV program as well as an increase in prepaid items for prepaid insurance.
- Restricted current assets are comprised of cash that is restricted for repayment of security deposits and other contractual obligations related to federal funding that was unspent at the end of the year. In 2015, restricted current assets decreased by approximately 82.32% or \$1.65 million. The change in restricted current assets is primarily due to HUD's cash management policy whereby disbursements made to the Housing Authority by HUD are offset by restricted reserves held by the Housing Authority thereby transferring the restricted reserves once held by the Authority to a program reserve held by the US Treasury.
- Noncurrent assets, restricted are comprised of debt service reserves that are required for the defeasance of debt and other long term contractually restricted reserves. The slight increase from previous year represent interest earnings and timing of monthly debt service deposits.
- Other noncurrent assets are comprised of tax credit partnership fees receivables. Other noncurrent assets increased by \$2,500 or 2.07% from accrued partnership fees receivable.
- Capital assets include land, buildings, equipment, construction in progress and intangible assets and are shown net of accumulated depreciation. Capital assets decreased by approximately 8.37% or \$1.66 million from June 30, 2014 to June 30, 2015. This decrease is primarily related to management estimated capital asset depreciation and the sale of McDonald Manor Apartments in March 2015.
- Deferred outflows of resources related to pensions of \$235 thousand were recognized in 2015 from the implementation of GASB Statements No. 68 and 71. The deferred outflows of resources related to pension represent contributions made to the Housing Authority participating pension plans subsequent to the plans measurement date of June 30, 2014 and will be recognized as a reduction of the net pension plan liability in the next year.
- Total liabilities of SHA, which are segregated between current and noncurrent portions, amounted to \$24,673,946 at June 30, 2015.
- Current liabilities consist of accounts payable, tenant security deposits, accrued wages and payroll taxes, compensated absences, accrued interest, unearned revenue and current portion of capital leases and notes payable. Current liabilities decreased by 40% from 2014 to 2015, a change of approximately \$995 thousand. Fluctuations are primarily a result of the timing of payments to vendors and other government entities, however this change is largely due to the balance principal payment made on the McDonald Manor Apartments mortgage note that matured in April 2015 and the refinance of the Hifumi En Apartments mortgage note that matured in October 2014. The notes were considered a current liability of the Housing Authority in the previous year.
- Long-term liabilities consist of notes payable, long-term portion of compensated absences, and net pension liability. Increases in long-term liabilities were approximately \$1.89 million from 2014 to 2015, which reflect the addition of a Net Pension Liability of \$1.88 million resulting from the implementation of GASB Statements No. 68 and 71 and scheduled payments of principal on notes payable.

Spokane Housing Authority

Management's Discussion and Analysis (continued)

- Deferred inflows of resources related to pensions of \$916 thousand were recognized in 2015 from the implementation of GASB Statements No. 68 and 71. The deferred inflow of resources related to pension represent the Housing Authority's proportionate share of net differences between projected and actual investment earnings on the Housing Authority participating pension plans investments and changes in the Housing Authority's proportionate share. These amounts will be amortized and recognized as pension expense over subsequent years.
- Net position represents the equity of SHA after liabilities and deferred inflows are subtracted from assets and deferred outflows. Net position is reported in three major categories.
 - Net investment in capital assets - Invested in capital assets, shows SHA's deficit in land, buildings, equipment, construction in progress and intangible assets, net of related outstanding debt.
 - Restricted net position – Restricted net position, has external limitations on the way in which assets can be used.
 - Unrestricted net position – Unrestricted Net position is available to be used for any lawful and prudent SHA purpose.

Total net position of SHA decreased by approximately \$4.43 million from 2014 to 2015. As discussed earlier, this is primarily due to two factors:

- The implementation of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*; whereby, an adjustment of \$2.77 million was made against net position.
- The continuation of the Department of Housing and Urban Development's (HUD) compliance with federal cash management policy whereby disbursements made to the Housing Authority by HUD is offset by restricted reserves held by the Housing Authority reducing net position by \$1.6 million in 2015.

The following table presents details regarding the changes in unrestricted net position during the year:

Unrestricted Net Position - June 30, 2014	\$ 2,349,160
Change in Net Position	(1,663,605)
Adjustments:	
Depreciation (1)	1,622,372
Adjustment to Implement GASB 68	(2,768,070)
Adjusted Change in Net Position	(2,809,303)
Payments on Capital Asset Long-Term Debt Borrowings	(1,547,888)
Additions to Capital Asset Long-Term Debt Borrowings	575,596
Capital Asset Additions	(517,226)
Capital Asset Disposals	557,881
Decrease in Restricted Net Position	1,615,418
Unrestricted Net Position - June 30, 2015	<u>\$ 223,638</u>

Spokane Housing Authority

Management's Discussion and Analysis (continued)

As of June 30, 2015, there are no restrictions, commitments or other limitations that would significantly affect the availability of resources for future use.

- SHA's current ratio reflects the relationship between current assets and current liabilities and is a measure of SHA's ability to pay short-term obligations. At June 30, 2015, SHA's current ratios were 3.56:1 an increase from the previous year's current ratio of 2.62:1. This means that for every dollar in current liabilities there is \$3.56 in current assets.

Revenues, Expenses and Changes in Net Position

The following table compares the revenues and expenses for the current and previous fiscal years:

	2015	2014
Operating Revenue:		
Government Grants	\$ 26,925,466	\$ 27,997,903
Tenant Revenue	4,333,509	4,315,680
Other Operating Revenue	901,379	572,363
Non-operating Revenue:		
Interest and Investment Income	15,849	16,207
Interest Subsidy	101,521	104,137
Total Revenue	32,277,724	33,006,290
Expenses:		
Operating Expenses	33,025,517	32,282,891
Non-operating Expenses	980,052	1,161,890
Total Expenses	34,005,569	33,444,781
Income (Loss) Before Contributions, Transfers, Extraordinary and Special Items	(1,727,845)	(438,491)
Contributions, Special/Extraordinary Items, Transfers	64,240	131,736
Change in Net Position	(1,663,605)	(306,755)
Net Position, Beginning of Year	4,086,636	4,777,915
Adjustment to Implement GASB 68	(2,768,070)	-
Prior Period Adjustments	-	(384,524)
Net Position End of Year	\$ (345,039)	\$ 4,086,636

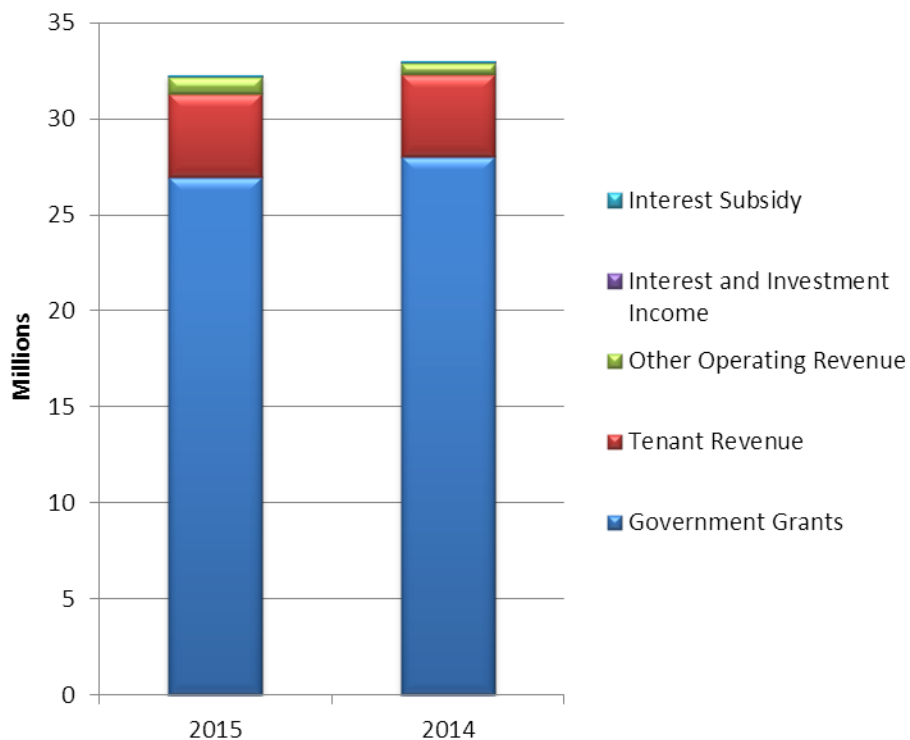
- Revenues decreased by approximately \$729 thousand, or 2.21% in 2015.
- Government grants comprised mainly of the HCV Program and Public Housing Operating Subsidy decreased by approximately \$1.07 million (3.8%) primarily due to HUD's cash management policy offsetting revenue disbursements to the Housing Authority with Housing Authority restricted reserves.
- Tenant revenue increased over previous year by approximately \$18 thousand (.4%).

Spokane Housing Authority

Management's Discussion and Analysis (continued)

- Other operating revenues increased from 2014 by approximately \$329 thousand (57.5%) from administrative fees received from other Housing Authorities and operating and management fees received from SHA's tax credit component units.
- Non-operating revenue to include interest and investment income and interest subsidy remained stable between 2014 and 2015 with slight decreases.

The following compares the revenues for the current and previous fiscal years in graphical format:

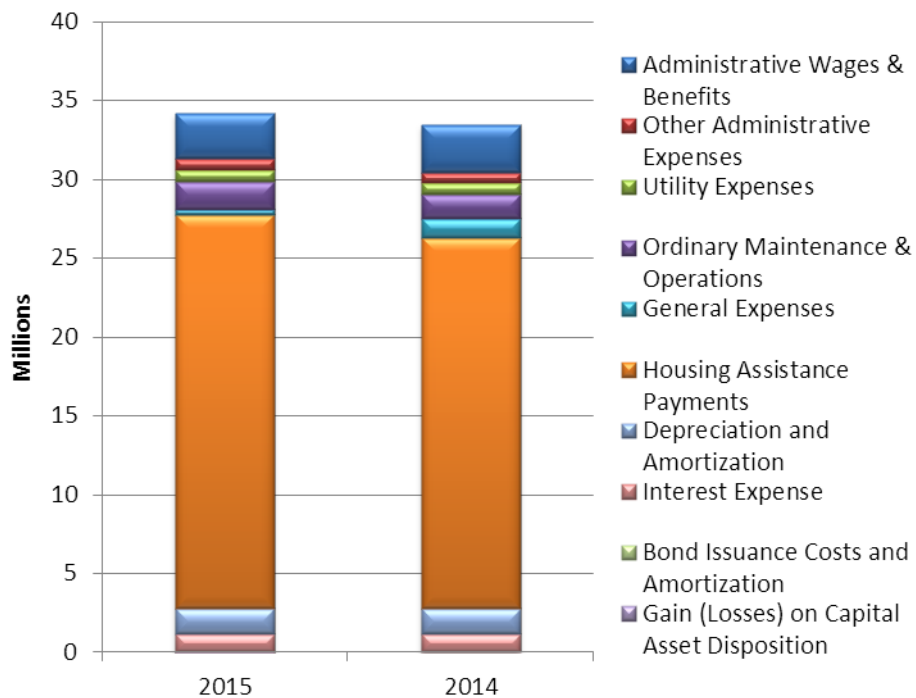


Total expenses increased by approximately \$561 thousand, or 1.68% from 2014 to 2015.

The following compares the expenses for the current and previous fiscal years in graphical format:

Spokane Housing Authority

Management's Discussion and Analysis (continued)



- Administrative wages and benefits decreased by 4.88% (approximately \$148 thousand) in 2015 attributed to a reduction in staff levels of 5.1 full time equivalent positions (FTE) offset by increases in wages, health insurance, and pension contributions over the fiscal year.
- Other administrative expenses increased by approximately \$56 thousand (8.85%) primarily from increases in audit costs and travel and training.
- Utility expenses slightly increased by approximately 1.63% (\$12 thousand) across the agency.
- Ordinary maintenance and operations expenses increased by 12.48% (approximately \$194 thousand) mainly within maintenance contract costs and increased maintenance wages, health insurance, and pension contributions.
- General expenses decreased by 69% (approximately \$862 thousand) primarily as the previous fiscal year included a required transfer of restricted cash from the HCV program to the Department of Housing and Urban Development (HUD) held program reserve.
- Housing assistance payments (HAP) increased by 6.22% (approximately \$1.46 million) as the Housing Choice Voucher program voucher utilization was higher in fiscal year 2015 at an annual average of 98.1% utilized compared to a 2014 annual voucher utilization of 95.7%.
- Depreciation increased by 1.90% (approximately \$30 thousand).
- Interest expense decreased by 1.85% (approximately \$22 thousand).
- Bond Issuance Costs and Amortization for 2015 was \$6 thousand comprising of issuance costs related to the refinance of the Hifumi En promissory note with Washington Trust Bank.

Spokane Housing Authority

Management's Discussion and Analysis (continued)

- Gain (losses) on capital asset disposition was a gain of \$166 thousand for 2015 comprising primarily of a gain on the sale of McDonald Manor Apartments of \$179 thousand. This will be variable from year to year depending on activities related to sale and disposition of the Housing Authority's capital assets.

Capital Assets

SHA's capital assets are summarized in the table below:

	June 30, 2015	June 30, 2014
Land	\$ 2,716,539	\$ 2,765,539
Buildings	27,963,132	28,669,830
Equipment - Dwellings	1,516,802	1,712,974
Equipment - Administration	613,397	858,756
Leasehold Improvements	5,371,003	5,353,101
Construction In Progress	56,557	44,427
Intangible Assets	39,875	-
Total Capital Assets	38,277,305	39,404,627
Less Accumulated Depreciation	(20,060,987)	(19,525,282)
Total Capital Assets	<u>\$ 18,216,318</u>	<u>\$ 19,879,345</u>

At June 30, 2015, the Housing Authority had \$18,216,318 in capital assets, which represents a decrease of \$1.66 million or 8.37% from 2014 to 2015. The following reconciliation summarizes the change in capital assets from June 30, 2014 to June 30, 2015.

Balance at June 30, 2013	\$ 19,879,345
Additions	517,226
Transfers/Retirements - Net	(557,881)
Depreciation Expense	(1,622,372)
Total Capital Assets	<u>\$ 18,216,318</u>

During fiscal year 2015, the Housing Authority had the following significant changes in capital assets:

- Land and buildings decreased by approximately \$756 thousand from the sale of McDonald Manor Apartments in March 2015.
- Equipment decreased by approximately \$442 thousand from the disposition of obsolete equipment, sale of commercial coin laundry facilities at all SHA owned properties and from the sale of equipment at the McDonald Manor Apartments.
- Intangible Assets acquired of \$40 thousand represents commercial software purchases to continue into fiscal year 2016.

Additional information on SHA's capital assets can be found in Note 8 of the notes to the financial statements.

Outstanding Debt

As of June 30, 2014 SHA had outstanding debt of \$20,254,641, a decrease of approximately \$967 thousand. SHA's outstanding debt is summarized in the table below:

Spokane Housing Authority

Management's Discussion and Analysis (continued)

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Revenue Bonds:		
Cedar West Apartments Housing	\$ 1,985,000	\$ 2,070,000
Heritage Heights Apartments	1,657,387	1,681,083
McDonald Manor Apartments	-	121,112
Valley 206 Apartments	7,909,791	8,091,001
Westfall Village Apartments	3,014,507	3,057,604
Woodhaven Apartments	2,351,026	2,424,270
Promissory Notes:		
McDonald Manor Apartments	-	509,015
Authority Office Building	395,133	415,160
Hifumi En Apartments (2004)	-	465,091
Hifumi En Apartments (2014)	444,973	-
Development Line of Credit	108,290	-
Deferred and Other Debt:		
Heritage Heights	200,000	200,000
Westfall Village	350,000	350,000
Cedar West Apartments	528,477	525,843
Courtview Apartments	120,734	127,220
Hifumi En Apartments	1,037,323	1,032,431
Newark Apartments	152,000	152,000
	<u>\$ 20,254,641</u>	<u>\$ 21,221,830</u>

The Housing Authority typically issues various types of debt obligations to finance the acquisition and construction of assets. During fiscal year 2015, the Housing Authority had the following significant changes in outstanding debt.

- Both McDonald Manor Apartments revenue bond and promissory notes were paid in full upon sale of the property in March 2015.
- The Hifumi En Apartments 2004 promissory note matured in October 2014 and was refinanced and the Hifumi En Apartments 2014 promissory note was issued.
- A commercial development line of credit was established for financing pre-development costs associated with the rehabilitation and sale of the Cedar West Apartments and Woodhaven Apartments to the Cedar Haven LLLP; and the rehabilitation and conversion of the Parsons Apartments public housing project to project based rental assistance utilizing HUD's Rental Assistance Demonstration Program (RAD) to include its' pending sale to the Parsons LLLP.

All debt service payments were made in 2015 and 2014 as scheduled and on time. Additional information on SHA's outstanding debt can be found in Note 11 of the notes to the financial statements.

Spokane Housing Authority

Management's Discussion and Analysis (continued)

ECONOMIC FACTORS AFFECTING SHA'S FUTURE

The majority of SHA's funding is from HUD in the form of operating subsidies, capital fund grants, Housing Choice Vouchers, and other various grants. HUD funding is dependent on congressional appropriations and related budget priorities. HUD funding is based on a calendar year cycle.

During 2015 HUD funding was below 100% of eligibility for many of its' programs and is expected to continue to be underfunded in 2016 due to continuing federal budget cuts. The following funding impacts were seen in 2015 and are expected for 2016:

- The Public Housing Program operating subsidy was funded by HUD at 88.79% of the Housing Authority's eligibility for the calendar year 2014 and 85.36% for calendar year 2015.
- The administrative portion of the HCV Program funding was funded at 79% of eligibility during 2014 and funded at 81% of eligibility for 2015.
- The Housing Choice Voucher HAP funding was funded at 99.7% of eligibility in 2014 and 100% of eligibility in 2015.

The Housing Authority continues to pursue its strategy to strengthen its' overall net position by converting the ownership structure on several of its apartment complexes within its portfolio from Housing Authority owned to ownership by limited partnership with the Housing Authority as general managing partner using the Low Income Housing Tax Credit program. The federal income tax credits awarded under the Low Income Tax Credit program allow the limited partnerships to receive equity contributions to fund redevelopment activities and reduce dependency on HUD financing. In September 2015, the Housing Authority converted and sold the Cedar West Apartments and Woodhaven Apartments to Cedar Haven LLLP with the Housing Authority as general managing partner using the Low Income Housing Tax Credit program.

The Housing Authority is also pursuing conversion of its public housing units to project-based Section 8 funding under the Rental Assistance Demonstration (RAD) program, which would allow for leveraging of private capital to meet physical needs of these projects. In March of 2015, the Housing Authority received from HUD a Commitment to enter into a Housing Assistance Payment (CHAP) for 50 of its 125 public housing units and is pursuing additional CHAPs for the remaining public housing units. The Housing Authority expects to convert and sell its' 50 unit Parsons Apartments public housing property using the Low Income Housing Tax Credit program and Rental Assistance Demonstration program to the Parsons LLLP in January 2016

Housing authorities across the country continue to be impacted by continued decline in Federal and State support for housing while facing increases in costs of operations and increases in Housing Assistance Payments to landlords. Local inflationary, recessionary and employment trends can affect resident incomes and therefore the amount of rental incomes of the Housing Authority, as well as the amount of HAP paid by the Housing Authority.

SHA continues to monitor congressional budgetary developments, however it is anticipated that most HUD programs will continue to see decreases in renewal funding including the Housing Choice Voucher Program, which is SHA's largest program, serving over 5,116 households. Strategic focus of maintaining and strengthening existing programs and seeking long term solutions to the decline in federal support while providing housing for low-income residents is continuing.

Spokane Housing Authority

Management's Discussion and Analysis (continued)

During 2015, SHA requested and received approval from the Department of Housing and Urban Development to convert its fiscal year end from a June 30th fiscal year end to a December 31st fiscal year end to commence July 1, 2015. Therefore, the next reporting period for the Housing Authority will be an eighteen month reporting period ending December 31, 2016.

REQUESTS FOR INFORMATION

This financial report is designed to provide the reader with a general overview of SHA's finances and to demonstrate SHA's financial accountability over its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer of the Spokane Housing Authority. The Housing Authority's offices are located at 55 W. Mission Avenue, Spokane, WA 99201.

Spokane Housing Authority
Statement of Net Position
June 30, 2015

	Housing Authority	Component Units
ASSETS		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 4,169,176	\$ 164,028
Receivables (Net)	565,306	11,324
Inventories	1,023	-
Prepays and Other Assets	185,044	11,631
Interprogram Due From	38,618	-
<i>Restricted Assets:</i>		
Cash and Cash Equivalents	133,752	1,214,068
Tenant Security Deposits	219,609	42,855
Total Current Assets	5,312,528	1,443,906
<i>Noncurrent Assets:</i>		
Restricted Cash and Cash Equivalents	1,357,614	-
<i>Capital Assets:</i>		
Land	2,716,539	626,941
Buildings	27,963,132	28,064,451
Equipment - Dwellings	1,516,802	360,751
Equipment - Administration	613,397	130,541
Leasehold Improvements	5,371,003	157,018
Construction In Progress	56,557	-
Intangible Assets	39,875	-
Accumulated Depreciation	(20,060,987)	(5,445,872)
Total Capital Assets (Net)	18,216,318	23,893,830
Other Noncurrent Assets	123,048	318,878
Total Noncurrent Assets	19,696,980	24,212,708
TOTAL ASSETS	\$ 25,009,508	\$ 25,656,614
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	\$ 235,129	\$ -
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 235,129	\$ -

The notes to the financial statements are an integral part of these statements.

Spokane Housing Authority
Statement of Net Position (continued)
June 30, 2015

	Housing Authority	Component Units
LIABILITIES		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 132,467	\$ 76,771
Accounts Payable - Intergovernment	6,023	-
Tenant Security Deposits	219,609	42,855
Accrued Wages and Payroll Taxes	167,121	-
Accrued Compensated Absences, Current Portion	44,579	-
Accrued Interest Payable	210,765	1,062
Unearned Revenue	23,631	4,099
Other Current Liabilities	48,153	17,199
Current Portion of Long-Term Debt	590,408	53,943
Current Portion of Capital Leases	5,460	-
Interprogram Due To	43,342	-
Total Current Liabilities	1,491,558	195,929
<i>Noncurrent Liabilities:</i>		
Accrued Compensated Absences, Net of Current	232,533	-
Long-Term Debt, Net of Current	19,664,233	6,066,689
Capital Leases, Net of Current	16,260	-
Net Pension Liability	1,884,880	-
Other Noncurrent Liabilities	1,384,482	216,438
Total Noncurrent liabilities	23,182,388	6,283,127
TOTAL LIABILITIES	\$ 24,673,946	\$ 6,479,056
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	\$ 915,730	\$ -
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 915,730	\$ -
NET POSITION		
Net Investment in Capital Assets	\$ (2,060,043)	\$ 17,773,198
Restricted For:		
Housing Assistance Payments	133,752	-
Debt Service Reserves	1,220,854	-
Replacement reserves	-	342,703
Operating and Other Reserves	136,760	871,365
Unrestricted	223,638	190,292
TOTAL NET POSITION	\$ (345,039)	\$ 19,177,558

The notes to the financial statements are an integral part of these statements.

Spokane Housing Authority
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015

	Housing Authority	Component Units
OPERATING REVENUES:		
Tenant Rental Revenue	\$ 4,168,552	\$ 831,897
HUD Operating Subsidies	26,565,014	-
Other Government Grants	360,452	-
Other Tenant Revenue	164,957	47,098
Other Revenue	901,379	5,833
TOTAL OPERATING REVENUES	32,160,354	884,828
OPERATING EXPENSES:		
<i>Administrative:</i>		
Administrative Wages	1,993,369	92,728
Auditing Fees	65,619	25,500
Employee Benefit Contributions	892,738	55,620
Management and Bookkeeping Fees	90,304	64,854
Other Operating Expenses	533,305	58,211
Tenant Services	2,271	15,823
	3,577,606	312,736
<i>Utilities:</i>		
Electricity	197,673	61,198
Water	114,503	7,907
Sewer	397,812	90,465
Other Utilities Expenses	38,769	25,485
	748,757	185,055
<i>Ordinary Maintenance and Operations:</i>		
Contract Costs	841,489	101,034
Maintenance and Operations Wages	483,662	66,068
Employee Benefit Contributions	161,781	13,996
Materials and Other	263,001	29,495
	1,749,933	210,593
<i>General Expenses:</i>		
Housing Assistance Payments	24,937,555	-
Insurance Premiums	125,693	27,967
Other General Expenses	263,601	68,271
Depreciation and Amortization	1,622,372	1,090,357
	26,949,221	1,186,595
TOTAL OPERATING EXPENSES	33,025,517	1,894,979
OPERATING INCOME (LOSS)	\$ (865,163)	\$ (1,010,151)

The notes to the financial statements are an integral part of these statements.

Spokane Housing Authority

Statement of Revenues, Expenses and Changes in Net Position (continued)

For the Year Ended June 30, 2015

	<u>Housing Authority</u>	<u>Component Units</u>
NONOPERATING REVENUES (EXPENSES):		
Gain (Losses) on Capital Asset Disposition	165,972	9,145
Interest Expense and Related Charges	(1,139,706)	(41,854)
Interest Subsidy	101,521	-
Bond Issuance Costs and Amortization	(6,318)	(31,166)
Interest and Investment Income	15,849	3,462
TOTAL NONOPERATING REVENUES (EXPENSES)	(862,682)	(60,413)
 <i>Income (Loss) Before Contributions, Transfers, Extraordinary and Special Items</i>	 (1,727,845)	 (1,070,564)
 CAPITAL GRANTS AND CONTRIBUTIONS	 64,240	 -
 CHANGE IN NET POSITION	 (1,663,605)	 (1,070,564)
 NET POSITION, BEGINNING OF YEAR	 4,086,636	 20,248,122
ADJUSTMENT TO IMPLEMENT GASB 68	(2,768,070)	-
NET POSITION, END OF YEAR	<u>\$ (345,039)</u>	<u>\$ 19,177,558</u>

The notes to the financial statements are an integral part of these statements.

Spokane Housing Authority
Statement of Cash Flows
For the Year Ended June 30, 2015

	Housing Authority	Component Units
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Tenants and Others	\$ 4,310,780	\$ 885,494
Receipts from Government Operating Grants	26,867,785	-
Housing Assistance Payments	(24,937,555)	-
Payments to Employees	(3,677,876)	(228,412)
Payments to Vendors and Suppliers	(3,102,583)	(586,706)
Other Receipts (Payments)	714,111	3,845
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	174,662	74,221
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Payments (to) from Related Parties	(8,926)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(8,926)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital Contributions (Distributions)	59,157	-
Purchases of Capital Assets	(517,226)	(16,057)
Proceeds from Sale of Capital Assets	723,206	14,810
Proceeds from Issuance of Capital Debt	575,596	-
Principal Paid on Capital Debt	(1,547,888)	(53,740)
Capital Debt Interest Subsidy Received	101,782	-
Interest Paid on Capital Debt	(1,017,059)	1,976
Other Receipts (payments)	(6,318)	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,628,750)	(53,011)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Received	15,849	3,462
NET CASH PROVIDED BY INVESTING ACTIVITY	15,849	3,462
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,447,165)	24,672
CASH AT BEGINNING OF YEAR	7,327,316	1,396,279
CASH AT END OF YEAR	\$ 5,880,151	\$ 1,420,951
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash - Unrestricted	\$ 4,169,176	\$ 164,028
Cash - Restricted	1,491,366	1,214,068
Cash - Tenant Security Deposits	219,609	42,855
	\$ 5,880,151	\$ 1,420,951

The notes to the financial statements are an integral part of these statements.

Spokane Housing Authority
Statement of Cash Flows (continued)
For the Year Ended June 30, 2015

	Housing Authority	Component Units
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ (865,163)	\$ (1,010,151)
<i>Adjustments to Reconcile Net Income (Loss) to Net Cash</i>		
<i>Provided (Used) by Operating Activities:</i>		
Depreciation and Amortization Expense	1,622,372	1,090,357
Change in Assets and Liabilities:		
Receivables	(246,315)	(2,266)
Prepays and Other Assets	(108,213)	1,008
Inventories	(360)	-
Other Noncurrent Assets	(2,500)	-
Deferred Outflows	11,159	-
Accounts Payable	(36,838)	(15,715)
Accounts Payable - Intergovernment	(1,132)	-
Tenant Security Deposits	(12,456)	4,955
Accrued Wages and Taxes Payable	25,821	-
Compensated Absences	31,964	-
Unearned Revenue	(29,282)	1,837
Other Liabilities	(646)	4,196
Net Pension Liability	(1,129,479)	-
Deferred Inflows	915,730	-
Total Adjustments	1,039,825	1,084,372
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 174,662	\$ 74,221

The notes to the financial statements are an integral part of these statements.

Spokane Housing Authority

Notes to Basic Financial Statements

For the year ended June 30, 2015

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Spokane Housing Authority (SHA) conform to generally accepted accounting principles (GAAP) as applicable to proprietary funds of governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the most significant accounting policies.

A. Reporting Entity:

The Spokane Housing Authority (SHA) was established in 1972 pursuant to the provisions of the State Housing Authorities Law (RCW 35.82) and the Housing Cooperation Law (RCW 35.83) in order to provide affordable, safe, and sanitary housing for persons of low income. The United States Department of Housing and Urban Development (HUD) has direct responsibility for administering the Public Housing Program under the United States Housing Act of 1937, as amended. HUD is authorized to enter into contracts with local housing authorities to make loans to assist the authorities in financing the acquisition, construction and/or leasing of housing units and to make annual contributions (subsidies) to the local housing authorities for maintaining the low-rent character of the local housing programs.

In 2003, the Spokane Housing Authority became a joint city-county housing authority pursuant to RCW 35.82.300, by authorization of the cities of Spokane and Spokane Valley, and Spokane County. The Housing Authority serves the geographical area of the cities of Spokane and Spokane Valley and all unincorporated areas of Spokane County. It also serves the cities of Millwood, Deer Park, Medical Lake (effective 1988), Airway Heights (effective 1989), Spangle (effective 1989), and Cheney (effective 1990) within Spokane County and Lincoln, Pend Orielle, Stevens, Whitman, and Ferry counties through cooperative agreements. The Housing Authority can be dissolved if both the Spokane and Spokane Valley city councils and the Spokane County Board of Commissioners all adopt identical resolutions pursuant to RCW 35.82.310.

The Housing Authority is governed by a six member Board of Commissioners, appointed by the Mayors of the cities of Spokane and Spokane Valley, and the Chairperson of the Spokane County Commissioners. Each member serves a five-year term of office, with terms rotating in such a manner that one appointment is made each year.

As required by generally accepted accounting principles (GAAP), management has considered all potential component units in defining the reporting entity. The decision to include a component unit in the reporting entity is governed by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and Statement No. 39, *Determining Whether Certain Organization are Component Units*. The financial statements present the Spokane Housing Authority (the primary government) and its component units. The six-member board appointed to the Housing Authority governs all of the tax credit limited partnerships. The partnerships are legally separate from the Spokane Housing Authority and are discretely presented from the primary government in the financial statements. All properties owned by the limited partnerships are accounted for on a calendar year basis rather than the Housing Authority's fiscal year ending June 30th. The sole purpose of the limited partnerships is to provide affordable housing to low income families. See Note 14 for additional information on the tax credit limited partnerships

During 2015, the Housing Authority requested and received approval from the Department of Housing and Urban Development to convert its fiscal year end from a June 30th fiscal year end to a December 31st fiscal year end to commence July 1, 2015. Therefore, the next reporting period for the Housing Authority will be an eighteen month reporting period ending December 31, 2016.

Discretely Presented Component Units:

Cornerstone II – The Borning Building Limited Partnership – A Washington state limited partnership formed in December 2004 to develop and manage the Cornerstone Courtyard Apartments. The 50 affordable units were placed in service February 2008. Pursuant to the Amended and Restated Agreement of Limited Partnership, dated May 22, 2007, the Housing Authority serves as the General Partner and U.S. Bancorp Community Development Corporation is the Investor Limited Partner.

Cornerstone II – The Helena Apartments, Limited Partnership – A Washington state limited partnership formed in December 2004 to develop and manage the Pearl on Adams Apartments. The 35 affordable units were placed in service in November

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2015

2009. Pursuant to the Amended and Restated Agreement of Limited Partnership, dated December 9, 2008, the Northwest Housing Group LLC with the Housing Authority as the sole member serves as the General Partner and U.S. Bancorp Community Investment Corporation is the Investor Limited Partner.

The Martindale Apartments, Limited Partnership – A Washington state limited partnership formed in December 2008 to develop and manage the Agnes Kehoe Place Apartments. The 51 affordable units were placed in service in January 2012. Pursuant to the Amended and Restated Agreement of Limited Partnership, dated November 12, 2010 as amended December 6, 2013, the Martindale Manager, LLC with the Housing Authority as the sole member serves as the General Partner and LIHTC Fund 2013-5, LLC in the Investor Limited Partner.

Cedar Haven, Limited Liability Limited Partnership – A Washington state limited liability limited partnership formed in April 2015 to rehabilitate and manage the Cedar West Apartments and Woodhaven Apartments. The sale of the 146 affordable units to Cedar Haven LLLP and coinciding conversion to tax credit units is expected to close on September 30, 2015 with a May 2016 expected placed in service. Pursuant to the Agreement of Limited Liability Limited Partnership, dated April 3, 2015, the Housing Authority serves as the General Partner and SHA Initial Limited Party LLC serves as the Initial Limited Partner.

Parsons, Limited Liability Limited Partnership – A Washington state limited liability limited partnership formed in April 2015 to rehabilitate and manage the Parsons Apartments. The sale of the 50 affordable public housing units to Parsons LLLP along with the coinciding conversion to tax credit units and project based voucher units under the HUD Rental Assistance Demonstration Program is expected to close in January 2016. Pursuant to the Agreement of Limited Liability Limited Partnership, dated April 3, 2015, the Housing Authority serves as the General Partner and SHA Initial Limited Party LLC serves as the Initial Limited Partner.

B. Basis of Presentation

The financial statements (i.e., the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows) report information on all of the activities of the primary government and its component units.

The Housing Authority accounts for and records its financial position and operating results for seventeen separate programs. These programs segregate activity by type of HUD assistance, miscellaneous grants, and other properties.

The accounting records of the Housing Authority are maintained and reported in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW and the Federal Department of Housing and Urban Development. The Housing Authority must report using GAAP; however, it has the option to use either the single enterprise proprietary fund or special purpose governmental fund model.

The accounts of SHA are reported as a single enterprise proprietary fund. Proprietary funds distinguish operating revenues and expenses from non-operating items. An operating activity generally arises from providing services in connection with the fund's principal activity. The operating revenues of the Housing Authority consist primarily of rental charges to tenants and operating subsidies from the U.S. Department of Housing and Urban Development ("HUD"), and include, to a lesser extent, certain operating amounts of capital grants that offset operating expenses. Operating expenses for the Housing Authority include the cost of administrative, maintenance, utilities, tenant services, general operations, depreciation and housing assistance payments. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses, except for capital contributions, which are presented separately.

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. The proprietary fund utilizes a flow of economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position. The basis of accounting used is similar to businesses in the private sector; thus, these funds are maintained on the accrual basis of accounting.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2015

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Revenues are recognized when earned and expenses are recorded in the period incurred. For financial reporting purposes, the Housing Authority considers its HUD grants associated with operations as operating revenue because these funds more closely represent revenues generated from operating activities rather than non-operating activities. HUD grants associated with capital acquisition and improvements are considered capital contributions and are presented after non-operating activity on the accompanying statement of revenues, expenses and changes in net position.

The accompanying basic financial statements include the activities of several Housing Programs subsidized by HUD as well as various other Agencies. A summary of each significant program is provided below. Each program has a fiscal year ending as of June 30th with the exceptions of Heritage Heights Apartments, Westfall Village Apartments, and Valley 206 Apartments which report on a calendar year ending December 31st.

Housing Choice Voucher Program

SHA administers the Housing Choice Voucher Program, Moderate Rehabilitation Single Room Occupancy Program and the Veterans' Affairs Supportive Housing Program, which utilizes existing privately owned family rental housing units to provide decent and affordable housing to low-income families. Funding of the program is provided by federal housing assistance contributions from HUD for the difference between the approved landlord contract rent and the rent paid by the tenants. The Housing Authority has administrative responsibility for the Housing Choice Voucher programs in Spokane, Stevens, Pend Oreille, Whitman, Lincoln and Ferry Counties.

SHA received HOME entitlement grant funds from the City of Spokane for additional tenant based rental assistance, and administers a twelve county State funded housing program for persons with AIDS (HOPWA).

Public Housing Program

SHA's Public Housing Program consists of two asset management projects ("AMPS"), which collect both operating and capital fund subsidy. AMP 1 is the 50 unit Parsons Apartment complex and AMP 2 is an accumulation of 75 housing units referred to as scattered sites and is located within the City of Spokane, City of Spokane Valley, and Spokane County. Each AMP is accounted for as a separate entity, and is reported in the Combining Statements.

The purpose of the Public and Indian Housing Program is to provide decent and affordable housing to low income families at reduced rents. The developments are owned, maintained and managed by the Housing Authority. The developments/units were acquired, developed and modernized under HUD's Development and Capital Fund programs. Funding of the program operations and development is provided by federal annual contributions, operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition and other allowances).

Capital Fund Programs (CFP):

Funds from the CFP provided by HUD are used to maintain and improve the Public Housing portfolio. Substantially all additions to land, structures and equipment for these properties are accomplished through the capital grant funds.

Other Properties:

SHA has purchased or developed the properties listed below and is responsible for leasing, operating, and maintaining the housing units with the exception of the Newark Apartments. The lease terms are generally for one year.

Courtview Apartments – Is a 14 unit apartment building which was purchased in 1992 and is operated solely on the income generated by the property.

Sharon Lord Apartments – Consists of 2 duplexes which were constructed in 2003 on land owned by the Housing Authority. The duplexes are dedicated to housing families with very low income (at or below 30% of area median income).

Newark Apartments – Is a 6 unit property which was purchased in 1993 and is leased to the Salem Arms, a Spokane non-profit organization, as housing for its clients.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2015

Woodhaven Apartments – Is a 72 unit complex which was purchased in 2001 with housing revenue bonds issued by the Housing Authority.

Valley 206 Apartments – Consists of a 207 unit affordable housing property, which was purchased in 1998 through the issuance of housing revenue bonds. The bonds were refinanced through a private placement bond issue in 2009.

Cedar West Apartments – Is a 74 unit complex which was purchased in 1999 through the issuance of housing revenue bonds.

Hifumi En Apartments – Is a 41 unit apartment complex which was purchased in 2004. This property is a Section 8 project based development for low income senior and/or disabled persons.

McDonald Manor Apartments – Is a 16 unit complex which was purchased in 2005 financed with a mortgage and a seller promissory note. The seller promissory note was refinanced through a private placement bond issue in 2010. On March 31, 2015, McDonald Manor was sold to a private buyer and outstanding principal balances owing on related debt was paid.

Heritage Heights Apartments – Is a 62 unit tax credit apartment complex which was purchased in 2010 from the Heritage Heights Limited Partnership with Build America bonds issued by the Housing Authority.

Westfall Village Apartments – Is a 110 unit tax credit apartment complex which was purchased in 2010 from the Heritage Heights Limited Partnership with Build America bonds issued by the Housing Authority.

C. Cash and cash equivalents — It is the Housing Authority's policy to invest all temporary cash surpluses in low-risk short-term investments of a liquid nature. This amount is classified on the Statement of Net Assets as cash and cash equivalents. Cash held for future payment of long-term liabilities is classified as a Noncurrent asset. For purposes of the Statement of Cash Flows, the Housing Authority considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

D. Receivables — Accounts receivable consist primarily of amounts due from tenants for rent and other charges and cost reimbursements due from grantors. Annually, tenant receivable balances are analyzed and the allowance for doubtful accounts is estimated and adjusted in accordance with historical experience. Other receivable allowances are established for uncertain collectibles. No allowances existed at June 30, 2015, other than the allowance for tenant accounts receivable.

E. Prepaid and other assets — Prepaid and other assets represent amounts paid in advance of the period which the expenses benefit. Prepaids consist primarily of the current portion of insurance premiums, ongoing maintenance and service contracts, and postage.

F. Inventories— Inventories belonging to the Spokane Housing Authority as of June 30, 2015 consisted of office supplies of \$1,023. Inventories are valued by the FIFO method, which approximates the market value.

G. Restricted assets — Restricted assets contain cash or cash equivalents that are restricted by federal or state regulation or statute to the use of particular programs or grants. The total of the Housing Authority restricted cash as of June 30, 2015 was \$1,491,366. Component Units as of December 31, 2014 had restricted cash of \$1,214,608. The balances consist of the following:

	Housing Authority	Component Units
Section 8 reserves	\$ 127,729	\$ -
Bond debt service reserves	1,220,854	-
Other reserves	136,760	1,214,068
Tenant security deposits	219,609	42,855
Grants	6,023	-
Total	<u>\$ 1,710,975</u>	<u>\$ 1,256,923</u>

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2015

- H. Capital assets** — Capital assets include property, plant, and equipment and are defined by the Housing Authority as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year, or, a major appliance with a cost of less than \$1,000, having an estimated useful life in excess of one year. All such assets are recorded at historical cost when purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays of capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Management reviews property, plant, and equipment for possible impairment to determine if a decline in service utility is significant and unexpected. If a capital asset is considered impaired the amount of impairment loss is determined in accordance with GASB Statement No. 42 using either the Restoration Cost Approach, the Service Units Approach, or the Deflated Depreciated Replacement Cost Approach. Upon retirement or other disposition of property and equipment the cost and related accumulated depreciation are removed from the respective accounts and any gains or losses are included in non-operating revenues and expenses.

Capital Assets of the Housing Authority, as well as the discretely presented component units, are depreciated using the straight-line method over the following estimated useful lives:

Land is not depreciated	
New construction & building acquisition	27-40 years
Furniture, equipment & machinery	3-10 years
Modernization of Buildings and improvements	5-25 years
Construction in progress is not depreciated	

- I. Deferred Outflows/Inflows of Resources** — A deferred outflow of resources is not an asset and is defined as a consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is not a liability and is defined as an acquisition of net position that is applicable to a future reporting period.
- J. Compensated absences** — Compensated absences are absences for which employees will be paid such as vacation and sick leave. Regular Housing Authority employees accrue paid time off leave based on the number of years of service. The paid time off leave balances accumulated by employees represent a liability for future payment for compensated absences. The dollar value of the Housing Authority's liability for future payment of compensated absences is recorded as a liability on the financial statements. The total value of the paid time off leave obligation at June 30, 2015 was \$277,112. It is the policy of the Housing Authority when an employee separates to pay accumulated unused paid time off up to a maximum of 400 hours at the employee's current pay rate. The liability for other compensated absences does not vest and is not considered material.
- K. Unearned revenues** — Unearned revenues are operating grant funds and tenant rent payments that have been received or advanced and have not yet been earned or expended. At the time those funds are earned or expended revenue will be recognized.
- L. Pensions** — For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2015

M. Revenue Recognition — Operating subsidies received from HUD and other grantors are generally recognized during the periods to which they relate and all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted. Receipts from the Public Housing Capital Grant Program and other reimbursement based grants are recognized when the related expenses are incurred. Tenant revenues are recognized during the period of occupancy. Expenses are recognized when incurred.

N. Revenue and expenses — All revenues and expenses related to the operations of the Housing Authority and its component units are classified as operating revenues and expenses. Non-operating revenues include capital grants and contributions, interest and investment income, and interest subsidy. Non-operating expenses include interest expense and related charges, bond issuance costs and amortization, and gain (losses) on capital asset disposition.

O. Tax status — The Housing Authority is qualified as a tax-exempt organization under the provisions of Section 115(1) of the Internal Revenue Code. Under state law (RCW 35.82.210) the Housing Authority is exempt from all taxes imposed by cities, counties, the state or any political subdivision thereof. Accordingly, no provision for income taxes is reflected in the accompanying statements. Pursuant to agreements with the City of Spokane and Spokane County, the Housing Authority makes a Payment in Lieu of Taxes (PILOT) to reimburse the City and County for services provided.

The component units, as partnerships, are required to file IRS form 1065, U.S. Return of Partnership Income and Schedule K-1 which reports the taxable income or loss to be reported by the respective partners allocated in accordance with their percentage of ownership. Management of the partnerships have evaluated the Partnerships' tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of FASB ASC 740-10, regarding the reporting of uncertainty in income taxes. With few exceptions, the Partnerships are no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2010.

P. Use of estimates — The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates are based on management's best knowledge of current events and actions the Housing Authority may undertake in the future. Actual results may ultimately differ from those estimates.

Q. Budgetary Accounting and Control— The Housing Authority prepares an annual budget which is presented to the Board of Commissioners and adopted through the passage of a budget resolution prior to the beginning of the fiscal year. Budgets are not, however, legally adopted nor required for financial statement presentation. The Housing Authority maintains budgetary control by not permitting total operating expenses and expenditures for individual programs to exceed their respective budget amounts without the appropriate approvals. All budget amounts lapse at year-end. Encumbrance accounting is not used as an extension of formal budget control.

NOTE 2 — STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

State laws and certain bond and loan covenants require that the Housing Authority maintain occupancy in housing projects at specified numbers of low-income families. During the fiscal year, the Housing Authority satisfied all compliance requirements specified in its bond and loan covenants. There have been no material violations of finance-related legal or contractual provisions.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2015

NOTE 3 — ADOPTION OF NEW ACCOUNTING STANDARDS:

The Governmental Accounting Standards Board (GASB) issued three new statements, which SHA adopted during the year ended June 30, 2015:

Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* improves financial reporting by state and local governmental pension plans to provide decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This statement became effective for financial statements with fiscal years beginning after June 15, 2014. Impact of the adoption of this statement is shown on the face of the Housing Authority's financial statements as an adjustment to implement GASB 68 and is further described in Note 4.

Statement No. 69, *Government Combinations and Disposals of Government Operation* establishes accounting and financial reporting standards related to government combinations and disposals of government operations to include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement became effective for financial statements with fiscal years beginning after December 15, 2013. There is no current Impact of the adoption of this statement, however will have impact if the Housing Authority merges or disposes of government operations.

Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This statement relates to amounts associated with contributions, if any, made by a state or local government employer to nonemployer contributing entity to a defined benefit pension plan after the measurement date of the governments' beginning net pension liability. Provisions of this State were applied simultaneously with the provisions of Statement 68. Impact of the adoption of this statement is shown on the face of the Housing Authority's financial statements as an adjustment to implement GASB 68 and is further described in Note 4.

The Government Accounting Standards Board also issued six new statements, which will be effective for SHA in subsequent years:

Statement No. 72, *Fair Value Measurement and Application* enhances comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire OPEB

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2015

liability and a more comprehensive measure of OPEB expense. Decision-usefulness and accountability also will be enhanced through new not disclosures and required supplementary information. This Statement is effective for fiscal years beginning after June 15, 2017.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* improves financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. As a result, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively.

Statement No. 77, *Tax Abatement Disclosures* improves financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015.

NOTE 4 — ADJUSTMENT TO IMPLEMENT GASB 68:

As a result of implementing GASB Statements No. 68 and 71:

- An adjustment of \$3,014,359 was recognized to establish the Housing Authority's proportionate share of net pension liability of the Washington State pension plans it participates in as of the plan measurement date of June 30, 2013.
- An adjustment of (\$246,289) was recognized to establish the Housing Authority's deferred outflows related to pensions for contributions made subsequent to the beginning measurement date of June 30, 2013 through June 30, 2014.

NOTE 5 — DEPOSITS:

As required by State law, all deposits of the Housing Authority are deposits with Washington State banks. The deposits are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC), established under Chapter 39.58 of the Revised Code of Washington. Deposits that are in excess of the FDIC insured amount are secured by collateral through the Washington State Public Deposit Protection Act, which was adopted in 1969. Under the Washington State Public Deposit Protection Act, each public depository is required to contribute to a common pool of pledged securities. In the event of default of one bank, all participating banks in Washington State will collectively assure that no loss of funds will be suffered by any public treasurer or custodian of public funds.. All investments are insured, registered or held by the Housing Authority or its agent in the Housing Authority's name.

Custodial Credit risk is the risk that, in the event of a bank failure, the Housing Authority's deposits may not be returned to it. The Housing Authority does not place deposits in accounts that are not insured and/or not collateralized and consequently is not exposed to custodial credit risk.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2015

NOTE 5 — DEPOSITS (Continued):

Cash and cash equivalents consist of the following at June 30, 2015 for the Housing Authority and December 31, 2014 for the Component Units:

	<u>Housing Authority</u>	<u>Component Units</u>
Cash in demand deposits	\$ 4,460,494	\$ 1,420,951
Local government investment pool	757,701	-
US Government Obligations	661,956	-
Total deposits	<u>\$ 5,880,151</u>	<u>\$ 1,420,951</u>

The Local Government Investment Pool (LGIP) is an investment pool managed and operated by the Washington State Treasurer's Office for the benefit of government entities in the State of Washington and is not registered with the SEC as an investment company. The assets and liabilities of the LGIP are included in the comprehensive Annual Financial Report of the State of Washington. The LGIP invests in a portfolio of securities in a manner generally consistent with Rule 2A-7 money market funds, as currently recognized by the Securities and Exchange Commission. Rule 2a-7 funds are limited to high quality obligations with limited maximum and average maturities to minimize both market and credit risk. All money market securities are required to be rated A-1 by Standard and Poor's Corporation and P-1 by Moody's Investors Services. Investments are restricted to fixed rate securities that mature in 397 days or less, floating and variable rate securities that mature in 762 days or less, and the portfolio maintains a weighted average maturity of 60 days or less. Investments with the LGIP meet the criteria of cash and cash equivalents because these can be liquidated upon demand.

NOTE 6 — RECEIVABLES

Receivables consisted of the following amounts due to the Housing Authority as of June 30, 2015 and the Component Units as of December 31, 2014:

	<u>Housing Authority</u>	<u>Component Units</u>
HUD - Housing Choice Voucher Program	\$ 224,671	\$ -
HUD - Other programs	9,378	-
Other Governments	21,614	-
IRS - Interest Subsidy	18,271	-
Tenants accounts receivable - net	23,751	9,185
Other accounts receivable	33,270	100
Due from Component Units	234,351	2,039
Total receivables, net of allowance	<u>\$ 565,306</u>	<u>\$ 11,324</u>

NOTE 7 — INTER-PROGRAM RECEIVABLES AND PAYABLES

At June 30, 2015, the Housing Authority had short-term receivables and payables within the related programs. All balances resulted from the time lag between the dates that (1) inter-program goods and services are provided and reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between programs are made. All balances are expected to be collected within 12 months of the financial statement date. The inter-program balances for the Housing Authority at June 30, 2015 before eliminations are as follows:

Spokane Housing Authority
Notes to Basic Financial Statements (continued)
For the year ended June 30, 2015

	Housing Authority	
	Receivables	Payables
Section 8 program	\$ -	\$ 58,873
Public housing	10,256	84,361
Other projects	350,970	222,716
Total receivables	<u>\$ 361,226</u>	<u>\$ 365,950</u>

NOTE 8 — CAPITAL ASSETS:

Capital assets are stated at cost less accumulated depreciation. Depreciation is computed for financial reporting purposes by use of the straight-line method. Land is not depreciated. Changes in capital assets of the primary government during the year ended June 30, 2015 are shown below:

	July 1, 2014	Additions	Transfer/ retirements	June 30, 2015
Capital Assets Not Depreciated:				
Land	\$ 2,765,539	\$ -	\$ (49,000)	\$ 2,716,539
Construction In Progress	44,427	12,130	-	56,557
Total Capital Assets Not Depreciated	<u>2,809,966</u>	<u>12,130</u>	<u>(49,000)</u>	<u>2,773,096</u>
Capital Assets Being Depreciated:				
Buildings	28,669,830	-	(706,698)	27,963,132
Leasehold Improvements	5,353,101	361,357	(343,455)	5,371,003
Equipment	2,571,730	103,864	(545,395)	2,130,199
Intangibles	-	39,875	-	39,875
Total Capital Assets Being Depreciated	<u>36,594,661</u>	<u>505,096</u>	<u>(1,595,548)</u>	<u>35,504,209</u>
Accumulated Depreciation:				
Buildings	14,625,219	1,039,442	(289,927)	15,374,734
Leasehold Improvements	2,870,731	394,254	(269,318)	2,995,667
Equipment	2,029,332	188,676	(527,422)	1,690,586
Total Accumulated Depreciation	<u>19,525,282</u>	<u>1,622,372</u>	<u>(1,086,667)</u>	<u>20,060,987</u>
Total Capital Assets	<u>\$ 19,879,345</u>	<u>\$ (1,105,146)</u>	<u>\$ (557,881)</u>	<u>\$ 18,216,318</u>

Preliminary costs incurred for proposed projects are postponed pending construction of the project. Costs relating to projects ultimately constructed are transferred to the project. Charges that relate to abandoned projects are expensed.

The \$175 thousand in capital asset additions are primarily attributable small improvements made throughout the Housing Authority's property portfolio.

Intangible assets acquired of \$40 thousand represent commercial software purchases.

Net capital asset transfers and retirements of \$1.6 million include the sale of McDonald Manor Apartments in March 2015 and retirement of obsolete equipment.

Spokane Housing Authority
Notes to Basic Financial Statements (continued)
For the year ended June 30, 2015

During the year ended June 30, 2015, the Housing Authority incurred no interest costs related to the acquisition and construction of capital assets.

Changes in capital assets of the component units as of December 31, 2014 are shown below:

	January 1, 2014	Additions	Transfer/ retirements	December 31, 2014
Capital assets not depreciated:				
Land	\$ 626,941	\$ -	\$ -	\$ 626,941
Construction in progress	-	-	-	-
Total capital assets not depreciated	626,941	-	-	626,941
Capital assets being depreciated:				
Buildings	28,064,451	-	-	28,064,451
Improvements	148,115	8,903	-	157,018
Machinery and equipment	509,866	7,154	(25,728)	491,292
Total capital assets being depreciated	28,722,432	16,057	(25,728)	28,712,761
Accumulated depreciation:				
Buildings	3,964,783	1,020,524	-	4,985,307
Improvements	44,341	12,699	-	57,040
Machinery and equipment	366,454	57,134	(20,063)	403,525
Total accumulated depreciation	4,375,578	1,090,357	(20,063)	5,445,872
Total capital assets	\$ 24,973,795	\$ (1,074,300)	\$ (5,665)	\$ 23,893,830

NOTE 9 — CONSTRUCTION COMMITMENTS:

The Housing Authority has no construction commitments as of June 30, 2015.

NOTE 10 — NONCURRENT ASSETS:

Noncurrent assets consist of the following at June 30, 2015 for the Housing Authority and December 31, 2014 for the Component Units:

	Housing Authority	Component Units
Financing Costs, Net of Accumulated Amortization	\$ -	\$ 318,878
Partnership Management Fee Receivable		
Cornerstone Courtyard	105,000	-
Other noncurrent assets	18,048	
Total noncurrent assets	\$ 123,048	\$ 318,878

Spokane Housing Authority
Notes to Basic Financial Statements (continued)
For the year ended June 30, 2015

NOTE 11 — LONG-TERM DEBT AND CHANGES IN LONG TERM LIABILITIES:

A. Long-Term Debt and changes in Long Term Liabilities

A summary of changes in SHA's long-term debt and changes in long term liabilities for the year ended June 30, 2015 is as follows:

	Balance at July 1, 2014	Additions	Reductions	Balance at June 30, 2015	Due Within One Year
Revenue Bonds:					
Cedar West Apartments Housing	\$ 2,070,000	\$ -	\$ (85,000)	\$ 1,985,000	\$ 85,000
Heritage Heights Apartments	1,681,083	-	(23,696)	1,657,387	25,310
McDonald Manor Apartments	121,112	-	(121,112)	-	-
Valley 206 Apartments	8,091,001	-	(181,210)	7,909,791	195,392
Westfall Village Apartments	3,057,604	-	(43,097)	3,014,507	46,036
Woodhaven Apartments Housing	2,424,270	-	(73,244)	2,351,026	78,244
Total Bonds Payable	17,445,070	-	(527,359)	16,917,711	429,982
Promissory Notes:					
Inland Northwest Bank					
McDonald Manor Apartments	509,015	-	(509,015)	-	-
Washington Trust Bank					
Authority Office Building	415,160	-	(20,027)	395,133	21,773
Hifumi En Apartments (2004)	465,091	-	(465,091)	-	-
Hifumi En Apartments (2014)	-	459,780	(14,807)	444,973	23,812
US Bank					
Development Line of Credit	-	108,290	-	108,290	108,290
Total Promissory Notes	1,389,266	568,070	(1,008,940)	948,396	153,875
Intergovernmental Loans					
City of Spokane:					
Heritage Heights	200,000	-	-	200,000	-
Westfall Village	350,000	-	-	350,000	-
State of Washington Department of Commerce					
Cedar West	525,843	2,634	-	528,477	-
Courtview Apartments	127,220	-	(6,486)	120,734	6,551
Hifumi En Apartments	1,032,431	4,892	-	1,037,323	-
Newark Apartments	152,000	-	-	152,000	-
Total Intergovernmental Loans	2,387,494	7,526	(6,486)	2,388,534	6,551
Total Long-Term Debt	21,221,830	575,596	(1,542,785)	20,254,641	590,408
Capital Leases	26,823	-	(5,103)	21,720	5,460
Accrued Compensated Absences	245,148	292,153	(260,189)	277,112	44,579
Net Pension Liability	3,014,359	-	(1,129,479)	1,884,880	-
Noncurrent Liabilities - Other	1,255,734	128,748	-	1,384,482	-
Total Noncurrent Liabilities	\$25,763,894	\$ 996,497	\$ (2,937,556)	\$23,822,835	\$ 640,447

Cedar West Apartments Housing Revenue Bonds – Issued January 2000 to purchase Cedar West Apartments; Series A principal amount of \$2,835,000 and Series B principal amount of \$225,000; total amount issued \$3,060,000; annual installments of \$217,219 to \$283,762; interest rates ranging from 4.25% to 5.75%; debt service paid from revenues of the

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2015

Cedar West Apartments. Final payment is due in 2029. The Series B bonds were redeemed in fiscal year ending June 30, 2005, leaving only the Series A bonds outstanding.

NOTE 11 — LONG-TERM DEBT AND CHANGES IN LONG TERM LIABILITIES (continued):

Heritage Heights Build America Revenue Bonds – Issued August 2010 to purchase and rehabilitate the Heritage Heights Apartments, principal amount of \$1,747,895. Quarterly payments of \$33,724 include interest at 6.65% per annum. These are IRS subsidized bonds, where the IRS reimburses the Housing Authority for 35% of the interest payment at the time of debt service payment. Debt service is paid from revenues of the Heritage Heights Apartments. The bond matures on August 11, 2025.

McDonald Manor Apartments – In the original amount of \$140,092, issued February 26, 2010 to pay off the existing Mortgage Note payable to Konstantinos and Dionesia Geranios for the purchase of McDonald Manor Apartments. Payments of \$913 per month include interest at 4.85% for the first 60 months. Interest and payment will reset every 60 months. Outstanding principal on the bond was paid in full upon sale of the property on March 31, 2015.

Valley 206 Apartments Housing Revenue Bond, Series 2008 – Issued July 2008 to refund the 1998 Valley 206 Apartments Housing Revenue Series A & B Bonds and rehabilitate Valley 206 Apartments, principal amount of \$9,075,230 with a bond issuance discount of \$113,400. Monthly payments of \$45,641 include interest at 4.40% per annum with debt service paid from revenues of the Valley 206 Apartments. Final payment is due in 2028.

Westfall Village Build America Revenue Bonds – Issued August 2010 to purchase and rehabilitate the Westfall Village Apartments, principal amount of \$3,179,125. Quarterly payments of \$61,338 include interest at 6.65% per annum. These are IRS subsidized bonds, where the IRS reimburses the Housing Authority for 35% of the interest payment at the time of debt service payment. Debt serviced is paid from revenues of the Westfall Village Apartments. The bond matures on August 11, 2025.

Woodhaven Apartments Housing Revenue Bonds – Issued December 2001 to purchase Woodhaven Apartments; Series A principal \$2,715,000 less discount of \$52,680; Series B principal \$450,000; annual installments of \$210,010 to \$229,360; interest rates ranging from 4.2% to 6.0%; debt service paid from revenues of the Woodhaven Apartments. Final payment is due in 2033.

Inland Northwest Bank – McDonald Manor Apartments – Original amount of \$624,000, issued January 2005 to finance the purchase of the McDonald Manor Apartments. Payments of \$3,130 per month include interest at 4.29% per annum. Loan matures January 10, 2015. Outstanding principal on the note was paid in full upon sale of the property on March 31, 2015.

Washington Trust Bank – Housing Authority Office Building – Issued September 1998 in the original amount of \$567,000, to purchase the office building at 55 West Mission for the administrative offices of the Housing Authority with monthly payments of \$3,981 per month at 5.75% interest per annum. On December 23, 2008, an additional \$154,170 was added to the existing note for improvements to the administrative offices of the Housing Authority for total principal due of \$517,167. The interest rate on the new note is the Five-Year Federal Home Loan Bank Long Term Fixed Rate plus 2.75% adjusted at the five year anniversary. As of June 30, 2015, the rate was 4.84% with monthly payments of \$3,326. The final payment is due December 23, 2018.

Washington Trust Bank – Hifumi En Apartments (2004) – Issued June 30, 2004 for \$690,000 for rehabilitation of the Hifumi En Apartments. Monthly payments of \$3,504 including interest at 4.47% began as funds were drawn from the loan. The loan was refunded on September 23, 2014 with the Washington Trust Bank – Hifumi En Apartments (2014) issue.

Washington Trust Bank – Hifumi En Apartments (2014) – Issued September 23, 2014 for \$459,780 for the refunding of the Washington Trust Bank – Hifumi En Apartments (2004) note. The interest rate on the new note is the Five-Year Federal Home Loan Bank Intermediate/Long Term, Fixed Rate Advance plus 2.5% adjusted at the five year anniversary. As of June 30, 2015, the rate was 5% with monthly payments of \$3,348. The final payment is due October 5, 2024.

US Bank – Development Line of Credit – Revolving taxable line of credit Issued March 31, 2014 in the amount of not to exceed \$500,000 to provide predevelopment funds for housing projects of the Housing Authority. Interest is at an annual rate of 3.50% plus the one-month LIBOR rate quoted by US Bank. The rate is reset monthly on the first day of each month.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2015

As of June 30, 2015, the rate was 3.69% with interest payable monthly. The note matures and principle is due in full on March 31, 2016. During fiscal year ending June 30, 2015, draws of \$108,290 were made on the line of credit and \$0 principal payments were made.

NOTE 11 — LONG-TERM DEBT AND CHANGES IN LONG TERM LIABILITIES (continued):

City of Spokane – Heritage Heights – Intergovernmental loan issued for the purchase of the land upon which the Heritage Heights Apartments were built; in the amount of \$200,000; interest at 7.13%. Principal and interest payments may be deferred until 2017, after which equal monthly payments in an amount to fully amortize the loan in ten years are required. SHA purchased the Heritage Heights Apartments in August 2010 and assumed the existing note.

City of Spokane – Westfall Village – Intergovernmental loan issued for the purchase of the land upon which the Westfall Village Apartments were built; in the amount of \$350,000; interest at 7.13%. Principal and interest payments may be deferred until 2017, after which equal monthly payments in an amount to fully amortize the loan in ten years are required. SHA purchased the Westfall Village Apartments in August 2010 and assumed the existing note.

State of Washington Department of Commerce – Cedar West – In the initial amount of \$498,342 to remediate mold at the Cedar West Apartments, at 0.5% annual interest, compounded quarterly. Payments are deferred for 20 years after which quarterly payments in the amount of \$7,238 will be due. The loan matures on June 30, 2044. During fiscal year, ending June 30, 2015, capitalized deferred interest totaling \$2,634 was added to the principal balance of the loan.

State of Washington Department of Commerce – Courtview Apartments – Purchase Courtview Apartments, for \$140,000 at 1.0% interest, deferred payments begun in 2013, in the amount of \$7,758 per year.

State of Washington Department of Commerce – Hifumi En Apartments – Purchase the Hifumi En Apartments, for \$995,000. A portion of the note, \$450,000, accrues interest at 1.0% compounded quarterly. This portion of the note is deferred for thirty years until July 1, 2036 at which time payments of \$15,971 are due quarterly thereafter. The remainder of the note, \$545,000, reverts into a grant after forty years if the use of the property does not change from its current use as housing for the low income and disabled. Deferred interest totaling \$4,892 was capitalized during the year. No change in the use of the property had taken place as of the end of fiscal year ended June 30, 2015.

State of Washington Department of Commerce – Newark Apartments – Purchase Newark Apartments, for \$152,000, at interest rate of 0.0%. The loan reverts to a grant if the property is retained by the Housing Authority and continued to be used for low-income housing until the year 2043. No change in the use of the property had taken place as of the end of fiscal year ended June 30, 2015.

The annual requirements to amortize outstanding debt, including interest, are as follows:

Year ended June 30,	Principal	Interest	Total
2016	590,408	959,257	1,549,665
2017	496,164	1,018,149	1,514,313
2018	529,001	1,240,185	1,769,186
2019	862,690	1,211,893	2,074,583
2020	560,669	1,184,402	1,745,071
2021-2025	3,511,366	5,434,745	8,946,111
2026-2030	11,623,633	1,513,656	13,137,289
2031-2035	679,758	75,023	754,781
2036-2040	376,206	19,996	396,202
2041-2045	531,146	37,446	568,592
2046-2050	493,600	121,203	614,803
	<u>\$20,254,641</u>	<u>\$12,815,955</u>	<u>\$33,070,596</u>

B. Arbitrage Compliance – SHA periodically monitors for the existence of any rebate of arbitrage interest associated with its tax-exempt debt. The rebate is based on the differential between the interest earnings from the investment of bond

Spokane Housing Authority
Notes to Basic Financial Statements (continued)
For the year ended June 30, 2015

proceeds as compared to the interest expense associated with the respective bonds. As of June 30, 2015, the Housing Authority estimates that no arbitrage rebate exists in conjunction with its debt reserve funds, and therefore no liability exists.

NOTE 11 — LONG-TERM DEBT AND CHANGES IN LONG TERM LIABILITIES (continued):

C. Conduit Debt – RCW 35.82 provides that Housing Authorities are authorized to facilitate the issuance of tax-exempt non-recourse revenue bonds to finance housing projects. Conduit revenue bonds issued by the Housing Authority are payable from revenues derived as a result of the project activities funded by the revenue bonds and are secured by deeds of trust on the underlying projects. The bonds are neither a liability nor contingent liability of the Housing Authority nor a lien on any of its properties or revenues other than for the project for which they are issued. The outstanding revenue bonds are not recorded in the Housing Authority's financial statements, as they represent conduit debt obligation under GASB Interpretation No. 2. The Spokane Housing Authority as of June 30, 2015 is not participating in conduit debt transactions.

D. Long Term Debt – Component Units

Long-term debt of the component units includes notes and mortgages payable and intergovernmental loans. The following is a summary of changes in long-term debt for the component units for the year ended December 31, 2014.

	Balance at January 1, 2014	Additions	Reductions	Balance at December 31, 2014	Due Within One Year
Intergovernmental Loans					
City of Spokane:					
Agnes Kehoe Place	500,000	-	-	500,000	-
Cornerstone Courtyard	246,533	-	(3,740)	242,793	3,943
Cornerstone Courtyard	88,477	-	-	88,477	-
Washington State Department of Commerce					
Agnes Kehoe Place	2,235,830	-	-	2,235,830	-
Cornerstone Courtyard	1,190,000	-	(35,000)	1,155,000	35,000
Pearl on Adams	1,050,000	-	(15,000)	1,035,000	15,000
Federal Home Loan Bank					
Cornerstone Courtyard	200,000	-	-	200,000	-
Washington State HFC					
Agnes Kehoe Place	663,532	-	-	663,532	-
Total Intergovernmental Loans	6,174,372	-	(53,740)	6,120,632	53,943
Total long-term debt	6,174,372	-	(53,740)	6,120,632	53,943
Non-current liabilities - Other	165,092	51,346	-	216,438	-
Total noncurrent liabilities	\$ 6,339,464	\$ 51,346	\$ (53,740)	\$ 6,337,070	\$ 53,943

City of Spokane – Agnes Kehoe Place – Intergovernmental loan issued in 2010 in the amount of \$500,000 for remediation of lead based paint at the Agnes Kehoe Apartments, with simple interest rate of 0.75%. Payments of principal and interest are

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2015

deferred until forty-one years from January 31, 2012. One payment of \$500,000 will be due and payable on January 31, 2053.

NOTE 11 — LONG-TERM DEBT AND CHANGES IN LONG TERM LIABILITIES (continued):

City of Spokane – Cornerstone Courtyard – Intergovernmental loan issued in 2006 in the amount of \$250,000 for rehabilitation of the Cornerstone Courtyard, interest rate at 5.32%. Payments of principal and interest were deferred until December 1, 2007, after which time monthly payments of \$1,397 shall be made for the 30-year term of the note.

City of Spokane – Cornerstone Courtyard – Intergovernmental loan issued in 2007 in the amount of \$88,477 for the purpose of lead abatement during the development of the Cornerstone Courtyard Apartments, at 0% interest, deferred for 41 years, due and payable in full on December 31, 2048.

State of Washington Department of Commerce – Agnes Kehoe Place – Intergovernmental loan issued in 2010 in the amount of \$2,500,000 for rehabilitation of the Agnes Kehoe Place. The loan shall be deferred for forty years at 0.75% simple interest. The full amount shall be due and payable on or before December 31, 2052. A payment of \$314,170 was made on December 14, 2012 utilizing capital contributions received from the Limited Partner.

State of Washington Department of Commerce – Cornerstone Courtyard – Intergovernmental loan issued in 2006 in the amount of \$1,400,000 for rehabilitation the Cornerstone Courtyard, at 0% interest. Quarterly payments in the amount of \$8,750 began on June 30, 2008 for a total of 40 years. The final payment will be due on December 31, 2047.

State of Washington Department of Commerce Housing Trust Fund – Pearl on Adams – Intergovernmental loan issued in 2008 in the amount of \$1,395,000 for rehabilitation of the Pearl on Adams, at 0% interest. The first portion of the loan, \$600,000, shall require quarterly payments in the amount of \$3,750 which began on June 30, 2011 for a total of 40 years. The second portion of the loan, \$795,000, is deferred for 40 years, at which point the full principal amount will be due on December 31, 2049.

Federal Home Loan Bank – Cornerstone Courtyard – Intergovernmental loan issued July 31, 2006 in the amount of \$200,000 for rehabilitation of the Cornerstone Courtyard, with the interest rate of 1.5%. Principal and interest payments are deferred for 40 years, until July 31, 2046 at which time the entire unpaid principal balance and accrued interest is due.

Washington State Housing Finance Commission – Agnes Kehoe Place – Issued in 2008 in the amount of \$663,532 refinancing the Washington Trust Loan used to acquire the property. The loan is issued at 0% interest with payments deferred for 40 years. Accordingly, payment will be due on December 31, 2048.

The annual requirements to amortize outstanding debt, including interest, are as follows:

Year ended December 31,	Principal	Interest	Total
2015	\$ 53,943	\$ 12,821	\$ 66,764
2016	54,155	12,609	66,764
2017	54,387	12,377	66,764
2018	54,624	12,140	66,764
2019	54,876	11,888	66,764
2020-2024	278,664	55,156	333,820
2025-2029	287,384	46,436	333,820
2030-2034	298,744	35,076	333,820
2035-2039	313,560	20,260	333,820
2040-2044	292,456	3,247	295,703
2045-2049	1,132,009	354,081	1,486,090
2050-2054	2,745,830	828,049	3,573,879
2055-2059	500,000	-	500,000
	<u>\$ 6,120,632</u>	<u>\$1,404,140</u>	<u>\$ 7,524,772</u>

Spokane Housing Authority
Notes to Basic Financial Statements (continued)
For the year ended June 30, 2015

NOTE 12 — LEASES:

A. Operating Leases

The Housing Authority leases various office equipment under non-cancelable operating leases. The total costs for such leases for the Housing Authority was \$22,932 for the year ended June 30, 2015 \$2,328 for the Component Units for the year ended December 31, 2014. Future lease commitments are as follows:

Operating Leases		Operating Leases	
Year Ending June 30,	Housing Authority	Year Ending December 31,	Component Units
2016	\$ 22,690	2015	\$ 2,328
2017	22,404	2016	2,231
2018	17,754	2017	97
2019	-	2018	-
2020	-	2019	-
	<u>\$ 62,848</u>		<u>\$ 4,656</u>

B. Capital Leases

The Housing Authority has entered into a lease agreement for the financing of an office telephone system. The lease agreement qualifies as a capital lease for accounting purposes, therefore, had been recorded at the present value of the future minimum lease payments as of the inception date. The recorded value of the telephone system is \$27,986 less accumulated depreciation of \$11,194.

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

Year Ending June 30,	
2016	\$ 6,924
2017	6,924
2018	6,924
2019	4,039
2020	-
Total Minimum Lease Payments	<u>\$ 24,811</u>
Less: Interest	<u>\$ (3,091)</u>
Present Value of Minimum Lease Payments	<u>\$ 21,720</u>

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2015

NOTE 13 — PENSION PLANS:

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB 68 for the year 2015:

Aggregate Pension Amounts - All Plans		
Pension liabilities	\$	1,884,880
Pension assets	\$	-
Deferred outflows of resources	\$	235,129
Deferred inflows of resources	\$	915,730
Pension expense/expenditures	\$	32,540

State Sponsored Pension Plans

Substantially all Spokane Housing Authority full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publically available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions – The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the State Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2015

NOTE 13 — PENSION PLANS (continued):

PERS Plan 1

Actual Contribution Rates:	Employer	Employee*
July through December 2014	9.21%	6.00%
January through June 2015	9.21%	6.00%

*For employees participating in JBM, the contribution rate was 12.26%.

The Spokane Housing Authority's actual contributions to the plan were \$104,473 for the year ended June 30, 2015.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest consecutive service months. There is no cap on years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions – The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS PLAN 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 2/3

Actual Contribution Rates:	Employer 2/3	Employee 2*
July through December 2014	9.21%	4.92%
January through June 2015	9.21%	4.92%
Employee PERS Plan 3		varies

The Spokane Housing Authority's actual contribution to the plan were \$130,657 for the year ended June 30, 2015.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2015

NOTE 13 — PENSION PLANS (continued):

Public Safety Employees' Retirement System (PSERS)

PSERS Plan 2 was created by the 2004 legislature and became effective July 1, 2006. To be eligible for membership, an employee must work on a full time basis and:

- Have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington, and carry a firearm as part of the job; or
- Have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; or
- Function as a limited authority Washington peace officer, as defined in RCW 10.93.020; or
- Have primary responsibility to supervise eligible members who meet the above criteria.

PSERS membership includes:

- PSERS 2 or 3 employees hired by a covered employer before July 1, 2006, who met at least one of the PSERS eligibility criteria and elected membership during the period of July 1, 2006 to September 30, 2006; and
- Employees hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

PSERS covered employers include:

- Certain State of Washington agencies (Department of Corrections, Department of Natural Resources, Gambling commission, Liquor Control Board, Parks and Recreation Commission, and Washington State Patrol)
- Washington State Counties
- Washington State Cities (except for Seattle, Spokane, and Tacoma)
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act

PSERS Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the average final compensation (AFC) for each year of service. The AFC is based on the member's 60 consecutive highest creditable months of service. Benefits are actuarially reduced for each year that the member's age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years). There is no cap on years of service credit. Members are eligible for retirement at the age of 65 with five years of service; or at the age of 60 with at least ten years of PSERS service credit, or at age 53 with 20 years of service. Retirement before age 60 is considered an early retirement. PSERS members who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a three percent per year reduction for each year between the age at retirement and age 60 applies. PSERS Plan 2 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PSERS plan 2 members are vested after completing five years of eligible service.

Contributions – The **PSERS Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The Plan 2 employer rates include components to address the PERS Plan 1 unfunded actuarial accrued liability and administrative expense currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates. The PSERS Plan 2 required contribution rates (expressed as a percentage of current-year covered payroll) for 2015 were as follows:

PSERS Plan 2		
Actual Contribution Rates:	Employer	Employee
July through December 2014	10.54%	6.36%
January through June 2015	10.54%	6.59%

The Spokane Housing Authority's actual contribution to the plan was \$0 for the year ended June 30, 2015.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2015

NOTE 13 — PENSION PLANS (continued):

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans.

LEOFF Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service – 2.0% of FAS
- 10-19 years of service – 1.5% of FAS
- 5-9 years of service – 1% of FAS

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions – Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan 1 had no required employer or employee contributions for fiscal year 2015. Employers paid only the administrative expense of 0.18 percent of covered payroll.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions – The **LEOFF Plan 2** employer and employee contributions rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

LEOFF Plan 2

Actual Contribution Rates:	Employer	Employee
State and local governments	5.23%	8.41%
Ports and Universities	8.59%	8.41%

The Spokane Housing Authority's actual contribution to the plan was \$0 for the year ended June 30, 2015.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2015, the state contributed \$58,339,032 to LEOFF Plan 2.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2015

NOTE 13 — PENSION PLANS (continued):

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2014 with a valuation date of June 30, 2013. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) 2007-2012 *Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2013 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2014. Plan liabilities were rolled forward from June 30, 2013, to June 30, 2014, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3% total economic inflation, 3.75% salary inflation
- **Salary increases:** In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100% Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.5%

To determine that rate, an asset sufficiency test included an assumed 7.7% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7% except LEOFF 2, which has assumed 7.5%). Consistent with the long-term expected rate of return, a 7.5% future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made as contractually required rates (including PERS 2/3, PSERS 2, and SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5% was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on DRS pension plan investments of 7.5% was determined using a building-block method. The *Washington State Investment Board (WSIB)* used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5% approximately equals the median of the simulated investment returns over a 50-year time horizon.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2015

NOTE 13 — PENSION PLANS (continued):

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the table below. The inflation component used to create the table is 2.2% and represents WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-term Expected Real Rate of Return Arithmetic
Fixed Income	20.00%	1.70%
Tangible Assets	5.00%	4.40%
Real Estate	15.00%	5.80%
Global Equity	37.00%	6.60%
Private Equity	23.00%	9.60%
	<u>100.00%</u>	

Sensitivity of NPL

The table below presents the Spokane Housing Authority's proportionate share* of the net pension liability calculated using the discount rate of 7.5%, as well as what the Spokane Housing Authority's proportionate share of the net pension liability would be if were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	\$ 1,543,376	\$ 1,252,133	\$ 1,002,129
PERS 2/3	2,639,322	632,747	(899,903)
SERS 2/3	-	-	-
PSERS 2	-	-	-
LEOFF 1	-	-	-
LEOFF 2	-	-	-
	<u>\$ 4,182,698</u>	<u>\$ 1,884,880</u>	<u>\$ 102,226</u>

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2015

NOTE 13 — PENSION PLANS (continued):

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At June 30, 2015, the Spokane Housing Authority reported a total pension liability of \$1,884,880 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$ 1,252,133
PERS 2/3	632,747
TOTAL	<u>\$ 1,884,880</u>

At June 30, the Spokane Housing Authority's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/13	Proportionate Share 6/30/14	Change in Proportion
PERS 1	0.026766%	0.024856%	-0.001910%
PERS 2/3	0.033966%	0.031303%	-0.002663%

Employer contribution transmittals received and processed by DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contribution to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2015. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2015, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2015, the state of Washington contributed 39.80 percent of LEOFF 2 employer contributions pursuant to RCW 41.27.726 and all other employers contributed the remaining 60.20 percent employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2014, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2013, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended June 30, 2015, the Spokane Housing Authority recognized pension expense as follows:

	Pension Expense
PERS 1	\$ (43,723)
PERS 2/3	76,263
TOTAL	<u>\$ 32,540</u>

Spokane Housing Authority
Notes to Basic Financial Statements (continued)
For the year ended December 31, 2014

NOTE 13 — PENSION PLANS (continued):

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2015, the Spokane Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ 156,572
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ 104,472	\$ -
TOTAL	\$ 104,472	\$ 156,572

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ 670,717
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ 88,441
Contributions subsequent to the measurement date	\$ 130,657	\$ -
TOTAL	\$ 130,657	\$ 759,158

Deferred outflows of resources related to pensions resulting from the Spokane Housing Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended December 31, 2014

Year Ended June 30:	PERS 1	PERS 2/3
2016	\$ 39,143	\$ 192,948
2017	39,143	192,948
2018	39,143	192,948
2019	39,143	180,314
2020	-	-
Thereafter	-	-
TOTAL	\$ 156,572	\$ 759,158

NOTE 14— COMPONENT UNITS:

Pursuant to Statement No. 14 of the Governmental Accounting Standards Board, *The Financial Reporting Entity*, (GASB-14), the limited partnerships are defined as component units and are discretely presented in the financial statements of the Housing Authority. The fiscal year end of all the tax credit limited partnerships is December 31st. Accordingly, the financial results included in the accompanying financial statements are for the year ended December 31, 2014.

The discretely presented component units of the Housing Authority were formed to take advantage of the Low Income Housing Tax Credit (LIHTC) program authorized under Section 42 of the Internal Revenue Code. This program allows investors certain tax incentives for investing in low-income housing and to deduct any losses through to them from the partnerships. The tax code required that the buildings continue to serve the targeted low-income population for 15 years. The Housing Authority has the option to purchase these projects at the expiration of this compliance period.

Cornerstone II – The Borning Building Limited Partnership – was formed on December 20, 2004 pursuant to the provisions of the Washington Uniform Limited Partnership Act, RCW 25.10. Spokane Housing Authority is the general partner, with a .01% share of the ownership, and the initial limited partner was Washington Housing Equity Alliance, with ownership of 99.99%. On May 22, 2007, U.S. Bancorp Community Development Corporation was admitted as the new limited partner.

The partnership is organized to comply with Section 42 of the IRS Tax Code and applicable federal, state and local regulations and with loan conditions required by the project documents in order to obtain low income housing tax credits, cash income, long-term appreciation, and tax deductions from depreciation.

The Cornerstone Courtyard Apartments (formerly the Borning Building) was completed in February 2008. Funding was provided by Low-Income Housing Tax Credits, Federal Historic Rehabilitation Tax Credits, the Washington State Housing Trust Fund, the City of Spokane, and the Federal Home Loan Bank.

The Spokane Housing Authority holds legal title to the property, and on June 7, 2006 a financing lease agreement was entered into between the Housing Authority and Cornerstone II – The Borning Building Limited Partnership. The lease allows the limited partnership (LP) to remain the owner for federal income tax purposes, and gives the LP an equity interest in all improvements to the property plus debt service payments.

The partnership agreement for the Cornerstone Courtyard stipulates that partnership management fees be paid to the general partner (the Housing Authority) in the amount of \$15,000 annually for services rendered in managing the business of the partnership. The fee is to be paid to the extent cash flow is available and if net cash flow is not available, the fee shall accrue. For the year ended December 31, 2014 the partnership management fee expense was \$15,000. Total partnership management fees owed as of December 31, 2014 were \$105,000. Pursuant to the Property Management and Operating Agreement for the Cornerstone Courtyard, the partnership is required to pay the general partner (the Housing Authority) a monthly management fee for its daily operation of the project. Effective June 2008, the fee equals 8% of the project's monthly gross rental income excluding vacancies and concessions. For the year ended December 31, 2014 the property management fee incurred and paid was \$26,496.

Cornerstone II – Helena Apartments Limited Partnership – was formed on December 9, 2008 for the purpose of acquiring, developing, leasing, operating and managing the Pearl on Adams Apartments. The partnership was formed pursuant to the provisions of the Washington Uniform Limited Partnership Act, RCW 25.10. Northwest Housing Group LLC, of which Spokane Housing Authority is the only member, is the general partner, with a .01% share of ownership in the project, and the limited partner is U.S. Bancorp Community Development. The partnership is organized to comply with Section 42 of the IRS Tax Code

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended December 31, 2014

and applicable federal, state and local regulations and with loan conditions required by the project documents in order to obtain low income housing tax credits, cash income, and tax deductions from depreciation.

The Pearl on Adams Apartments was completed November 2009 and has 35 one-bedroom units for low income, homeless and disabled tenants. Funding was provided by Low-Income Housing Tax Credits, Federal Historic Rehabilitation Tax Credits, the Washington State Housing Trust Fund, the City of Spokane, U.S. Bank National Association, and Bank of America.

The Spokane Housing Authority holds legal title to the property, and on September 9, 2008 a financing lease agreement was entered into between the Housing Authority and Cornerstone II – Helena Apartments, LP. The lease allows the limited partnership (LP) to remain the owner for federal income tax purposes, and gives the LP an equity interest in all improvements to the property plus debt service payments.

The partnership agreement for the Pearl on Adams stipulates that partnership management fees be paid to the general partner (the Housing Authority) in the amount of \$7,500 annually for services rendered in managing the business of the partnership. The fee is to be paid to the extent cash flow is available and if net cash flow is not available, the fee shall not accrue. For the year ended December 31, 2014 the partnership management fee expense was \$7,500. Total partnership management fees owed as of December 31, 2014 were \$15,000.

Pursuant to the Property Management and Operating Agreement for the Pearl on Adams, the partnership is required to pay the general partner (the Housing Authority) a monthly management fee for its daily operation of the project. Effective in 2009, the fee equals 7% of the project's monthly gross rental income excluding vacancies and concessions. For the year ended December 31, 2014 the property management fee incurred and paid was \$14,375.

Martindale Apartments Limited Partnership – was formed in December 2008 for the purpose of acquiring, developing, leasing, operating and managing the Agnes Kehoe Place Apartments. The partnership was formed pursuant to the provisions of the Washington Uniform Limited Partnership Act, RCW 25.10. Martindale Manager, LLC, of which Spokane Housing Authority is the only member, is the general partner, with a .01% share of ownership in the project, and the limited partner was U.S. Bancorp Community Development Corporation. On December 6, 2013, U.S. Bancorp Community Development Corporation withdrew from the partnership and LIHTC Fund 2013-5, LLC was admitted as the replacement limited partner. The partnership is organized to comply with Section 42 of the IRS Tax Code and applicable federal, state and local regulations and with loan conditions required by the project documents in order to obtain low income housing tax credits, cash income, and tax deductions from depreciation.

The Agnes Kehoe Place Apartments was completed in January 2012 and has 51 one-bedroom units for low income, homeless and disabled tenants. Funding was provided by Low-Income Housing Tax Credits, Federal Historic Rehabilitation Tax Credits, the Washington State Housing Trust Fund, the City of Spokane, and U.S. Bank National Association.

The Spokane Housing Authority holds legal title to the property, and on June 22, 2010 a financing lease agreement was entered into between the Housing Authority and Martindale Apartments Limited Partnership. The lease allows the limited partnership (LP) to remain the owner for federal income tax purposes, and gives the LP an equity interest in all improvements to the property plus debt service payments.

The partnership agreement for the Agnes Kehoe Place dated November 12, 2010, stipulates that an annual noncumulative partnership management fee be paid to the general partner (the Housing Authority) in an amount up to \$25,000 annually for services rendered in managing the business of the partnership. The fee is to be paid to the extent cash flow is available and if net cash flow is not available, the fee shall not accrue. For the year ended December 31, 2014 the partnership management fee expense was \$0. Total partnership management fees owed as of December 31, 2014 were \$5,000.

Pursuant to the Property Management and Operating Agreement for the Agnes Kehoe Place, the partnership is required to pay the general partner (the Housing Authority) a monthly management fee for its daily operation of the project. Effective in 2012, the fee equals 7.5% of the project's monthly gross rental income excluding vacancies and concessions. For the year ended December 31, 2014 the property management fee incurred and paid was \$23,983

Cedar Haven, Limited Liability Limited Partnership – was formed in December 2015 for the purpose of acquiring, developing, leasing, operating and managing the Cedar West Apartments and Woodhaven Apartments. The limited liability limited partnership (LLLC) was formed pursuant to the provisions of the Washington Uniform Limited Partnership Act, RCW 25.10.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended December 31, 2014

Spokane Housing Authority is the general partner, with a .01% share of ownership in the project, and the initial limited partner is SHA Initial Limited Party LLC.

The sale of the 146 affordable units comprising of Cedar West Apartments and Woodhaven Apartments to the Cedar Haven LLC is expected to be completed on September 30, 2015 at which time the properties will be converted to Low Income Housing Tax Credit properties with expected May 2016 placed in service dates.

Parsons, Limited Liability Limited Partnership – was formed in December 2015 for the purpose of acquiring, developing, leasing, operating and managing the Parsons Apartments. The limited liability limited partnership (LLLC) was formed pursuant to the provisions of the Washington Uniform Limited Partnership Act, RCW 25.10. Spokane Housing Authority is the general partner, with a .01% share of ownership in the project, and the initial limited partner is SHA Initial Limited Party LLC.

The sale of the 50 affordable public housing units comprising of Parsons Apartments to the Parsons LLLC is expected to be completed in January 2016 at which time the property will be converted to a Low Income Housing Tax Credit property to include project based vouchers utilizing the HUD Rental Assistance Demonstration Program.

NOTE 15 —RISK MANAGEMENT:

The Housing Authority is exposed to all of the common perils associated with the ownership and rental of real estate property. A risk management program is currently in place to minimize loss occurrence and to transfer risk through various levels of insurance. All common risks relating to property, casualty, employee and public official's liability are covered by insurance, subject to appropriate deductibles. Claims that the Housing Authority have settled have not exceeded insurance coverage during the past three years.

The Spokane Housing Authority is a member of the Housing Authorities Risk Retention Pool (HARRP). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), fifty-five public housing authorities in the states of Washington, Oregon and California originally formed HARRP in March 1987. HARRP was created for the purposes of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. HARRP currently has a total of ninety-two members in the states of Washington, Oregon, Nevada and California. Thirty-six of the ninety-two members are Washington public housing entities.

New members originally contract for a three-year term and thereafter automatically renew on an annual basis. Members may quit (after completion of the three-year commitment) upon giving notice to HARRP prior to their renewal date. HARRP can terminate members after giving a sixty (60) day notice prior to the renewal date. Termination does not relieve a former member from its unresolved losses incurred during membership.

General and Automobile Liability coverage's are written on an occurrence basis, without member deductibles. Errors & Omissions coverage (which includes Employment Practices Liability) is written on a claims made basis, and the members are responsible for 10% of the incurred cost of the claims. Due to special underwriting circumstances, some members may be subject to a greater E&O co-payment. The Property coverage offered by HARRP is on a replacement cost basis with deductibles ranging from \$1,000 to \$25,000. Fidelity coverage, with limits of \$100,000 (with options up to \$500,000) for employee dishonesty and forgery or alteration and \$10,000 for theft are also provided with deductibles the same as Property.

Coverage limits for General Liability, Errors & Omissions and Property are \$2,000,000 per occurrence and \$2,000,000 annual aggregate. (Some members have chose greater property limited for higher valued properties.) Limits for Automobile Liability are \$1,000,000/ \$1,000,000.

HARRP self-insures the full layer of coverage for liability lines (\$2,000,000 per occurrence and \$2,000,000 annual aggregate). There is no purchased reinsurance above this limit. For property, HARRP retains \$2,000,000 and \$63,000,000 of reinsurance from St. Paul/Travelers Insurance Company for a combined total of \$65,000,000. The HARRP Board of Directors determines the limits and coverage terms, at its sole discretion.

HARRP provides loss control services, claim investigation and adjusting, litigation management and defense with in-house staff and retained third party contractors.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended December 31, 2014

HARRP is fully funded by member assessments that are adjusted annually by the HARRP Board on the basis of independent actuarial studies. These assessments cover loss, loss adjustment expenses, reinsurance and other administrative expenses. HARRP does not have the right to assess the membership for any shortfall in its funding. Such shortfalls are made up through future rate adjustments.

NOTE 16 — CONTINGENCIES AND LITIGATION:

The Spokane Housing Authority has recorded in its financial statements all material liabilities. There are no material contingent liabilities to record. In the opinion of management, the Housing Authority's insurance policies are adequate to pay all known or pending claims.

The Housing Authority participates in a number of federal assisted programs. These grants are subject to audit by the grantors or their representatives. Such audit could result in requests for reimbursement to grantor agencies for expenditures disallowed under terms of the grants. The Housing Authority's management believes that such disallowance, if any, would be immaterial.

NOTE 17 — EXTRAORDINARY ITEMS:

Significant transactions or events that are either unusual in nature or infrequent in occurrence, and are also not within the control of management are classified as extraordinary items. In fiscal year ending June 30, 2015 there were no extraordinary items to report.

NOTE 18 — SUBSEQUENT EVENTS:

- In 2013 the Housing Authority submitted to HUD an application to convert all of its housing units that are funded under the public housing program to assistance under long-term, project based Section 8 rental assistance contracts, pursuant to guidelines of the Rental Assistance Demonstration (RAD) Program. On March 19, 2015 HUD approved the Housing Authority's request for a complete Portfolio Award and awarded an individual Commitments to enter into a Housing Assistance Payment Contract (CHAP) for the Parsons Apartments. On November 4, 2015, HUD awarded a RAD Conversion Commitment for the Parsons Apartments containing an expected closing date of the conversion for January 20, 2016.
- On October 9, 2014, an Option Agreement was signed for the sale of the Courtview Apartments to a local non-profit subject to the Department of Commerce approval of the assignment and assumption of the Spokane Housing Authority loan with estimated outstanding principal of \$127,000. The purchase price for the property upon exercise of the Option is \$157,750 together with the assignment of the Department of Commerce loan. The Spokane Housing Authority expects this option to be exercised in December 2015.
- On June 8, 2015 an Option Agreement was signed for the sale of the Sharon Lord Apartments to a local non-profit subject to the Department of Commerce approval of the assignment and assumption of the Spokane Housing Authority grant covenants. The purchase price for the property upon exercise of the Option is \$240,000. The Spokane Housing Authority expects this option to be exercised in December 2015.
- On July 31, 2015, the Newark Apartments was sold to Salem Arms Community Housing with the assumption of the Department of Commerce loan of \$152,000 and associated loan covenants as consideration.
- On September 30, 2015, CREA Cedarhaven, LLC was admitted as the new limited partner of Cedar Haven LLC with 99.989% share of ownership and CREA SLP, LLC was admitted as the special limited partner with .001% share of ownership. SHA Initial Limited Party LLC was removed as limited partner with Spokane Housing Authority remaining as general partner with .01% share of ownership.

Upon transition of the limited partners the following significant transactions occurred:

- Cedar West Apartments and Woodhaven Apartments transferred ownership to the Cedar Haven LLC for the consideration of \$9,025,000.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended December 31, 2014

- Tax exempt revenue bonds of \$11,500,000 were issued by the Spokane Housing Authority, purchased by Banner Bank and subsequently issued as an acquisition and renovation loan to Cedar Haven LLLP in the same amount at an interest rate of 2.75% per annum with monthly interest payable until permanent loan conversion which is estimated to be 24 months from closing. Remaining amounts from the issue are held in a renovation escrow by Banner Bank for ongoing renovation of Cedar West and Woodhaven Apartments.
- **NOTE 18 — SUBSEQUENT EVENTS:**
- The Cedar West 1999 Series A and Woodhaven Series 2001 A & B tax exempt revenue bonds were defeased in full by the Spokane Housing Authority.
- A Seller finance note was issued to Cedar Haven LLC from Spokane Housing Authority for \$5,000,000 payable from available partnership cash flow.
- Tax credit equity contributions of \$600,000 from CREA Cedarhaven LLC; \$100 from CREA SLP, LLC and \$100 from Spokane Housing Authority were made to the Cedar Haven Partnership.
- The Spokane Housing Authority recognized \$470,000 in developer fee revenue per the Developer Services Agreement of which \$125,000 was paid at closing with the remaining issued as a deferred developer fee note.
- A Lease Agreement was entered into between the Housing Authority and Cedar Haven LLLP which allow the partnership to remain the owner of Cedar West Apartments and Woodhaven Apartments for federal income tax purposes and give the partnership an equity interest in all improvements to the property plus debt service payments.
- On May 17, 2015, Spokane County loaned Spokane Housing Authority \$122,425 in federal HOME dollars for the renovation of 11 apartments at Valley 206 Apartments to be fully ADA accessible. The loan bears interest at 0% and shall be forgiven in five years from execution as long as the Spokane Housing Authority complies with all terms and conditions of the HOME Program Agreement. The Housing Authority had not drawn funds from the loan as of June 30, 2015, however is expected to fully draw the loan down in early 2016.
- On April 2, 2015, the City of Spokane granted the Spokane Housing Authority \$100,000 in Community Development Block Grant funds to install a fire sprinkler system at Hifumi En Apartments. The Housing Authority had not drawn funds from the grant as of June 30, 2015, however is expected to fully draw the grant by December 31, 2015.
- On September 25, 2015, USB LIHTC FUND 2015-4, LLC was admitted as the new limited partner of Cornerstone II – Helena Apartments, LP with 99.99% share of ownership with U.S. Bancorp Community Investment Corporation as the withdrawing limited partner. Spokane Housing Authority remaining as general partner with .01% share of ownership.

Spokane Housing Authority
Schedule of Proportional Share of the Net Pension Liability
As of June 30, 2014
Last 10 Fiscal Years*

PERS # 1	2013	2014
Employer's proportion of the net pension liability (asset)	0.026766%	0.024856%
Employer's proportionate share of the net pension liability	\$ 1,564,005	\$ 1,252,133
Employer's covered employee payroll	\$ 2,858,418	\$ 2,733,973
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	54.72%	45.80%
Plan fiduciary net position as a percentage of the total pension liability		61.19%
PERS # 2/3	2013	2014
Employer's proportion of the net pension liability (asset)	0.033966%	0.031303%
Employer's proportionate share of the net pension liability	\$ 1,450,353	\$ 632,747
Employer's covered employee payroll	\$ 2,858,418	\$ 2,733,973
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	50.74%	23.14%
Plan fiduciary net position as a percentage of the total pension liability		93.29%

* These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Notes to the Schedule of Proportional Share of the Net Pension Liability:

NOTE 1 — CHANGES OF BENEFIT TERMS:

There were no changes in the benefit terms for the Pension Plans.

NOTE 2 — CHANGES OF ASSUMPTIONS:

There were no changes in the assumption for the Pension Plans.

Spokane Housing Authority
Schedule of Employer Contributions
As of June 30, 2014

PERS # 1	2013	2014
Contractually required contributions	\$ 69,414	\$ 110,020
Contributions in relation to the contractually required contributions	\$ (69,414)	\$ (110,020)
Contribution deficiency (excess)	\$ -	\$ -
Covered Employer Payroll	\$ 2,858,418	\$ 2,733,973
Contributions as a percentage of covered-employee payroll	2.43%	4.02%
PERS # 2/3	2013	2014
Contractually required contributions	\$ 131,809	\$ 132,238
Contributions in relation to the contractually required contributions	\$ (131,809)	\$ (132,238)
Contribution deficiency (excess)	\$ -	\$ -
Covered Employer Payroll	\$ 2,858,418	\$ 2,733,973
Contributions as a percentage of covered-employee payroll	4.61%	4.84%

* These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Notes to the Schedule of Employer Contributions:

NOTE 1 — CHANGES OF BENEFIT TERMS:

There were no changes in the benefit terms for the Pension Plans.

NOTE 2 — CHANGES OF ASSUMPTIONS:

There were no changes in the assumption for the Pension Plans.

Spokane Housing Authority
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2015

CFDA #	Federal Agency	Federal Agency	Pass-Through Agency	Other Award I.D. Number	Current Year Expenditures			Debt Liability Balance	Notes Ref.
					Pass-Through Awards	Direct Awards	Total		
14.249	U.S. Department of Housing and Urban Development (HUD):	Moderate Rehab Single Room Occupancy	n/a	WA055SRO003	\$ -	\$ 119,799	\$ 119,799	\$ -	1,2
				WA055SRO006	-	292,288	292,288	-	1,2
				Subtotal	-	412,087	412,087	-	
14.850	U.S. Department of Housing and Urban Development (HUD):	Public and Indian Housing	n/a	WA055-000001/ WA055-000002	-	368,698	368,698	-	1,2
14.871	U.S. Department of Housing and Urban Development (HUD):	Housing Choice Voucher Program	n/a	WA055VO/ WA055AF	-	27,130,661	27,130,661	-	1,2
14.872	U.S. Department of Housing and Urban Development (HUD):	Public Housing Capital Fund	n/a	WA19P055501	-	83,473	83,473	-	1,2
14.191	U.S. Department of Housing and Urban Development (HUD):	Multifamily Service Coordinator Grant	n/a	WA19HS10006	-	34,438	34,438	-	1,2
14.241	U.S. Department of Housing and Urban Development (HUD):	Housing Opportunities for Person with Aids	Washington Department of Commerce	14-46203-11	49,079		49,079	-	1,2
				14-46201-01	98,323		98,323	-	1,2
				Subtotal	147,402	-	147,402	-	
14.267	U.S. Department of Housing and Urban Development (HUD):	Continuum of Care	City of Spokane	OPR2014-0845	71,531		71,531	-	1,2
				OPR2013-0595	32,726		32,726	-	1,2
				Subtotal	104,257	-	104,257	-	
14.239	U.S. Department of Housing and Urban Development (HUD):	HOME Investment Partnership Program	City of Spokane	OPR2012-0843 / OPR2014-055C	112,318		112,318	-	1,2
Total Federal Expenditures					\$ 363,977	\$ 28,029,357	\$ 28,393,334	\$ -	

Notes to the Schedule of Expenditures of Federal Awards:

NOTE 1 — BASIS OF ACCOUNTING:

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the Housing Authority's financial statements. The Housing Authority uses the accrual basis to report on the Schedule of Expenditures of Federal Awards. For the purposes of the Schedule, depreciation expense is not recorded and the cost of fixed asset additions are included as an expenditure.

NOTE 2 — PROGRAM COSTS:

The amount shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the Housing Authority's portion, may be more than shown.

Spokane Housing Authority

Financial Data Schedules

June 30, 2015

Line Item #	Account description	Low Rent					
		Parsons Apts WA 055000001	Scattered Sites WA 055000002	14.871Housing Choice Vouchers	6.1Component Units - Discretely Presented	2 State/ Local	1Business Activities
111	Cash-unrestricted	\$ 174,737	\$ 286,343	\$ 606,394	\$ 164,028	\$ -	\$ 1,811,412
112	Cash-restricted-modernization and development	-	-	-	-	-	-
113	Cash-other restricted	-	-	127,729	1,214,068	-	1,220,854
114	Cash-tenant security deposits	10,156	24,384	-	42,855	-	185,069
115	Cash - Restricted for payment of current liability	-	-	2,832	-	-	-
100	Total Cash	184,893	310,727	736,955	1,420,951	-	3,217,335
121	Accounts receivable - PHA projects	-	-	2,086	-	-	-
122	Accounts receivable - HUD other projects	-	-	224,671	-	-	-
124	Account receivable - other government	-	-	-	-	-	1,873
125	Account receivable - miscellaneous	1,049	141	1,046	2,139	-	45,346
126	Accounts receivable - tenants	809	1,481	-	10,835	-	29,981
126.1	Allowance for doubtful accounts - tenants	-	-	-	(1,650)	-	(8,520)
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-
120	Total receivables, net of allowance for doubtful accounts	1,858	1,622	227,803	11,324	-	68,680
131	Investments - unrestricted	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-
135	Investments - Restricted for payment of current liability	-	-	-	-	-	-
142	Prepaid expenses and other assets	11,643	25,858	20,370	11,631	-	66,453
143	Inventories	-	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-	-
144	Inter program - due from	10,256	-	-	-	-	-
145	Assets held for sale	-	-	-	-	-	-
150	Total Current Assets	208,650	338,207	985,128	1,443,906	-	3,352,468
161	Land	10,000	750,000	-	626,941	-	1,688,976
162	Buildings	2,466,515	4,512,120	-	28,064,451	-	19,812,874
163	Furniture, equipment and machinery - dwellings	141,503	153,994	-	360,751	-	1,221,305
164	Furniture, equipment and machinery - administration	55,007	54,383	13,886	130,541	-	137,934
165	Leasehold improvements	722,546	1,779,117	6,391	157,018	-	2,700,372
166	Accumulated depreciation	(2,744,197)	(4,958,815)	(19,360)	(5,445,872)	-	(11,349,920)
167	Construction in progress	47,488	9,069	-	-	-	-
168	Infrastructure	-	-	-	-	-	-
160	Total capital assets, net of accumulated depreciation	698,862	2,299,868	917	23,893,830	-	14,211,541
171	Notes, Loans, & mortgages receivable – Non-current	-	-	-	-	-	-
172	Notes, Loans, & mortgages receivable – Non-current - past due	-	-	-	-	-	-
173	Grants receivable – Non-current	-	-	-	-	-	-
174	Other assets	-	-	-	318,878	-	-
176	Investment in joint venture	-	-	-	-	-	-
180	Total Non-current Assets	698,862	2,299,868	917	24,212,708	-	14,211,541
190	Total Assets	907,512	2,638,075	986,045	25,656,614	-	17,564,009
200	Deferred outflow of Resources	-	-	-	-	-	-
290	Total Assets and Deferred Outflow of Resources	\$ 907,512	\$ 2,638,075	\$ 986,045	\$ 25,656,614	\$ -	\$ 17,564,009

Spokane Housing Authority
Financial Data Schedules (continued)

June 30, 2015

14.267 Continuum of Care Program	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	8 Other Federal Program 1	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.191 Multifamily Housing Service Coordinators	COCC	Subtotal	ELIM	Total
\$ -	\$ -	\$ -	\$ -	\$ 100,843	\$ 35,497	\$ 401	\$ 1,153,549	\$ 4,333,204	\$ -	\$ 4,333,204
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	136,760	2,699,411	-	2,699,411
-	-	-	-	-	-	-	-	262,464	-	262,464
-	-	-	-	3,191	-	-	-	6,023	-	6,023
-	-	-	-	104,034	35,497	401	1,290,309	7,301,102	-	7,301,102
-	-	-	-	-	-	-	-	2,086	-	2,086
-	-	-	-	526	6,656	2,196	-	234,049	-	234,049
3,188	-	4,800	13,626	-	-	-	-	23,487	-	23,487
-	-	-	-	-	-	-	234,351	284,072	-	284,072
-	-	-	-	-	-	-	-	43,106	-	43,106
-	-	-	-	-	-	-	-	(10,170)	-	(10,170)
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	25,248	25,248	25,248	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
3,188	-	4,800	13,626	526	6,656	2,196	259,599	601,878	25,248	576,630
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	60,720	196,675	-	196,675
-	-	-	-	-	-	-	1,023	1,023	-	1,023
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	350,970	361,226	322,608	38,618
-	-	-	-	-	-	-	-	-	-	-
3,188	-	4,800	13,626	104,560	42,153	2,597	1,962,621	8,461,904	347,856	8,114,048
-	-	-	-	-	-	-	267,563	3,343,480	-	3,343,480
-	-	-	-	-	-	-	1,171,623	56,027,583	-	56,027,583
-	-	-	-	-	-	-	-	1,877,553	-	1,877,553
-	-	-	-	-	-	-	352,187	743,938	-	743,938
-	-	-	-	-	-	-	202,452	5,567,896	-	5,567,896
-	-	-	-	-	-	-	(988,695)	(25,506,859)	-	(25,506,859)
-	-	-	-	-	-	-	-	56,557	-	56,557
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,005,130	42,110,148	-	42,110,148
-	-	-	-	-	-	-	47,270	47,270	47,270	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	123,048	441,926	-	441,926
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,175,448	42,599,344	47,270	42,552,074
3,188	-	4,800	13,626	104,560	42,153	2,597	3,138,069	51,061,248	395,126	50,666,122
-	-	-	-	-	-	-	235,129	235,129	-	235,129
\$ 3,188	\$ -	\$ 4,800	\$ 13,626	\$ 104,560	\$ 42,153	\$ 2,597	\$ 3,373,198	\$ 51,296,377	\$ 395,126	\$ 50,901,251

Spokane Housing Authority

Financial Data Schedules (continued)

June 30, 2015

Line Item #	Account description	Low Rent					2 State/ Local	1 Business Activities
		Parsons Apts WA 055000001	Scattered Sites WA 055000002	14.871 Housing Choice Vouchers	6.1 Component Units - Discretely Presented			
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable <= 90 days	6,064	9,182	3,378	76,771	-	-	103,796
313	Accounts payable > 90 days past due	-	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	-	-	-	-	-	-
322	Accrued compensated absences - current portion	292	439	7,580	-	-	-	-
324	Accrued contingency liability	-	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	1,062	-	-	210,765
331	Accounts payable - HUD PHA Programs	-	-	2,832	-	-	-	-
332	Accounts payable - PHA Projects	-	-	-	-	-	-	-
333	Accounts payable - other government	-	-	-	-	-	-	-
341	Tenant security deposits	10,156	24,384	-	42,855	-	-	185,069
342	Unearned Revenue	875	924	-	4,099	-	-	21,832
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	-	-	-	53,943	-	-	460,345
344	Current portion of long-term debt - operating borrowings	-	-	-	-	-	-	25,248
345	Other current liabilities	525	278	-	17,199	-	-	10,788
346	Accrued liabilities - other	-	-	-	-	-	-	-
347	Inter program - due to	26,008	58,353	58,873	-	-	-	168,583
348	Loan liability - current	-	-	-	-	-	-	-
310	Total Current Liabilities	43,920	93,560	72,663	195,929	-	-	1,186,426
351	Capital Projects/ Mortgage Revenue Bonds	-	-	-	6,066,689	-	-	19,290,873
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	-	47,270
353	Non-current liabilities - other	-	-	-	216,438	-	-	1,384,482
354	Accrued compensated absences - Non-current	3,791	5,686	77,085	-	-	-	-
355	Loan liability - Non-current	-	-	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-	-	-
357	Accrued Pension and OPEB Liability	-	-	-	-	-	-	-
350	Total Non-Current Liabilities	3,791	5,686	77,085	6,283,127	-	-	20,722,625
300	Total Liabilities	47,711	99,246	149,748	6,479,056	-	-	21,909,051
400	Deferred Inflow of Resources	-	-	-	-	-	-	-
508.4	Net Investment in Capital Assets	698,862	2,299,868	917	17,773,198	-	-	(5,539,677)
511.4	Restricted Net Position	-	-	130,561	1,214,068	-	-	1,220,854
512.4	Unrestricted Net Position	160,939	238,961	704,819	190,292	-	-	(26,219)
513	Total Equity - Net Assets/Position	859,801	2,538,829	836,297	19,177,558	-	-	(4,345,042)
600	Total Liabilities, Deferred Inflow of Resources, and Equity - Net Assets/Position	\$ 907,512	\$ 2,638,075	\$ 986,045	\$ 25,656,614	\$ -	\$ -	\$ 17,564,009

Spokane Housing Authority
Financial Data Schedules (continued)

June 30, 2015

14.267 Continuum of Care Program	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	8 Other Federal Program 1	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.191 Multifamily Housing Service Coordinators	COCC	Subtotal	ELIM	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	10,047	209,238	-	209,238
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	167,121	167,121	-	167,121
-	-	-	-	-	-	-	36,268	44,579	-	44,579
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	211,827	-	211,827
-	-	-	-	3,191	-	-	-	6,023	-	6,023
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	262,464	-	262,464
-	-	-	-	-	-	-	-	27,730	-	27,730
-	-	-	-	-	-	-	135,523	649,811	-	649,811
-	-	-	-	-	-	-	-	25,248	25,248	-
-	-	-	-	-	-	-	3,477	32,267	-	32,267
-	-	-	-	-	-	-	33,085	33,085	-	33,085
17,534	-	24,505	12,094	-	-	-	-	365,950	322,608	43,342
-	-	-	-	-	-	-	-	-	-	-
17,534	-	24,505	12,094	3,191	-	-	385,521	2,035,343	347,856	1,687,487
-	-	-	-	-	-	-	389,620	25,747,182	-	25,747,182
-	-	-	-	-	-	-	-	47,270	47,270	-
-	-	-	-	-	-	-	-	1,600,920	-	1,600,920
-	-	-	-	-	-	-	145,971	232,533	-	232,533
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1884,880	1884,880	-	1884,880
-	-	-	-	-	-	-	2,420,471	29,512,785	47,270	29,465,515
17,534	-	24,505	12,094	3,191	-	-	2,805,992	31,548,128	395,126	31,153,002
-	-	-	-	-	-	-	915,730	915,730	-	915,730
-	-	-	-	-	-	-	479,987	15,713,155	-	15,713,155
-	-	-	-	3,191	-	-	136,760	2,705,434	-	2,705,434
(14,346)	-	(19,705)	1,532	98,178	42,153	2,597	(965,271)	413,930	-	413,930
(14,346)	-	(19,705)	1,532	101,369	42,153	2,597	(348,524)	18,832,519	-	18,832,519
\$ 3,188	\$ -	\$ 4,800	\$ 13,626	\$ 104,560	\$ 42,153	\$ 2,597	\$ 3,373,198	\$ 51,296,377	\$ 395,126	\$ 50,901,251

Spokane Housing Authority
Financial Data Schedules (continued)

June 30, 2015

Line Item #	Account description	Parsons	Low Rent	14.871Housing	6.1Component	2 State/	1Business
		Apts WA 055000001	Scattered Sites WA 055000002	Choice Vouchers	Units - Discretely Presented	Local	Activities
70300	Net tenant rental revenue	\$ 109,756	\$ 200,699	\$ -	\$ 831,897	\$ -	\$ 3,858,097
70400	Tenant revenue - other	5,082	9,317	-	47,098	-	150,558
70500	Total Tenant Revenue	114,838	210,016	-	878,995	-	4,008,655
70600	HUD PHA operating grants	141,232	246,699	25,533,436	-	-	164,824
70610	Capital grants	25,151	39,089	-	-	-	-
70710	Management Fee	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-
70730	Book-Keeping Fee	-	-	-	-	-	-
70740	Front Line Service Fee	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-
70800	Other government grants	-	-	-	-	5,122	-
71100	Investment income - unrestricted	526	1,166	2,258	3,462	-	8,384
71200	Mortgage interest income	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-
71310	Cost of sale of assets	-	-	-	-	-	-
71400	Fraud recovery	-	-	66,164	-	-	-
71500	Other revenue	16,479	26,540	17,1380	5,833	-	151,192
71600	Gain or loss on sale of capital assets	910	(4,196)	-	9,145	-	169,258
72000	Investment income - restricted	-	-	-	-	-	-
70000	Total Revenue	\$ 299,136	\$ 519,314	\$ 25,773,238	\$ 897,435	\$ 5,122	\$ 4,502,313

Spokane Housing Authority
Financial Data Schedules (continued)

June 30, 2015

14.267 Continuum of Care Program	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	8 Other Federal Program 1	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.191 Multifamily Housing Service Coordinators	COCC	Subtotal	ELIM	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000,449	\$ -	\$ 5,000,449
-	-	-	-	-	-	-	-	212,055	-	212,055
-	-	-	-	-	-	-	-	5,212,504	-	5,212,504
-	-	-	-	313,245	130,337	35,241	-	26,565,014	-	26,565,014
-	-	-	-	-	-	-	-	64,240	-	64,240
-	-	-	-	-	-	-	1,108,642	1,108,642	1,010,977	97,665
-	-	-	-	-	-	-	15,000	15,000	15,000	-
-	-	-	-	-	-	-	464,295	464,295	464,295	-
-	-	-	-	-	-	-	27,360	27,360	20,115	7,245
-	-	-	-	-	-	-	336,366	336,366	-	336,366
-	-	-	-	-	-	-	1,951,663	1,951,663	1,510,387	441,276
96,514	-	112,232	146,584	-	-	-	-	360,452	-	360,452
-	-	-	-	368	150	-	5,672	21,986	2,675	19,311
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	1,768	201	-	-	68,133	-	68,133
-	-	-	-	-	-	-	26,379	397,803	-	397,803
-	-	-	-	-	-	-	-	175,117	-	175,117
-	-	-	-	-	-	-	-	-	-	-
\$ 96,514	\$ -	\$ 112,232	\$ 146,584	\$ 315,381	\$ 130,688	\$ 35,241	\$ 1,983,714	\$ 34,816,912	\$ 1,513,062	\$ 33,303,850

Spokane Housing Authority

Financial Data Schedules (continued)

June 30, 2015

Line Item #	Account description	Low Rent					
		Parsons Apts WA 055000001	Scattered Sites WA 055000002	14.871Housing Choice Vouchers	6.1Component Units - Discretely Presented	2 State/ Local	1Business Activities
9100	Administrative salaries	\$ 24,018	\$ 35,498	\$ 770,416	\$ 92,728	\$ -	\$ 232,741
91200	Auditing fees	2,638	3,146	50,996	25,500	-	-
91300	Management Fee	31,437	46,020	714,492	64,854	-	298,244
91310	Book-Keeping Fee	4,290	6,518	446,557	-	-	-
91400	Advertising and Marketing	117	74	-	15,044	-	29,367
91500	Employee benefit contributions - administrative	12,103	18,134	347,215	46,880	-	118,187
91600	Office Expenses	11,822	5,705	75,669	24,852	5,122	79,287
91700	Legal Expense	1,677	1,477	10,943	11,296	-	19,534
91800	Travel	1,558	1,625	13,964	4,102	-	2,779
91810	Allocated Overhead	-	-	-	-	-	-
91900	Other	950	2,413	-	2,917	-	16,953
91000	Total Operating-Administrative	90,610	120,610	2,430,252	288,173	5,122	797,092
92000	Asset Management Fee	6,000	9,000	-	-	-	-
92100	Tenant services - salaries	-	-	-	-	-	-
92200	Relocation Costs	-	-	-	-	-	-
92300	Employee benefit contributions - tenant services	-	-	-	-	-	-
92400	Tenant services - other	812	-	-	15,823	-	1,459
92500	Total Tenant Services	6,812	9,000	-	15,823	-	1,459
93100	Water	3,399	21,268	-	7,907	-	89,164
93200	Electricity	16,485	3,017	-	61,198	-	155,753
93300	Gas	6,674	392	-	22,690	-	24,119
93400	Fuel	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-
93600	Sewer	33,338	45,832	-	90,465	-	317,436
93700	Employee benefit contributions - utilities	-	-	-	-	-	-
93800	Other utilities expense	1,179	-	-	2,795	-	2,467
93000	Total Utilities	61,075	70,509	-	185,055	-	588,939
94100	Ordinary maintenance and operations - labor	34,094	42,461	-	66,068	-	280,863
94200	Ordinary maintenance and operations - materials and other	14,523	23,468	-	17,493	-	136,680
94300	Ordinary Maintenance and Operations Contracts	38,387	55,026	282,787	101,034	-	422,540
94500	Employee benefit contribution - ordinary maintenance	13,184	16,524	-	13,996	-	82,073
94000	Total Maintenance	100,188	137,479	282,787	198,591	-	922,156
95100	Protective services - labor	-	-	-	-	-	-
95200	Protective services - other contract costs	676	280	-	6,180	-	2,643
95300	Protective services - other	-	-	-	-	-	-
95500	Employee benefit contributions - protective services	-	-	-	-	-	-
95000	Total Protective Services	676	280	-	6,180	-	2,643
96110	Property Insurance	5,143	13,469	-	13,741	-	56,549
96120	Liability Insurance	838	1,209	-	7,423	-	9,535
96130	Workmen's Compensation	4,030	4,649	19,864	7,443	-	29,855
96140	All other Insurance	624	4,226	15,079	6,803	-	7,410
96100	Total Insurance Premiums	10,635	23,553	34,943	35,410	-	103,349

Spokane Housing Authority
Financial Data Schedules (continued)

June 30, 2015

14.267 Continuum of Care Program	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	8 Other Federal Program 1	14.249 Section 8		14.191 Multifamily Housing Service Coordinators	COCC	Subtotal	ELIM	Total
					Moderate Rehabilitation Single Room Occupancy						
\$ 1,307	\$ -	\$ 1,902	\$ 4,921	\$ 2,767	\$ 1,068		\$ 79	\$ 918,652	\$ 2,086,097	\$ -	\$ 2,086,097
-	-	-	-	-	-		-	8,839	91,119	-	91,119
-	-	-	-	7,488	3,600		-	-	1,166,135	1,010,977	155,158
-	-	-	-	4,680	2,250		-	-	464,295	464,295	-
-	-	-	-	-	-		-	-	44,602	-	44,602
469	-	764	2,005	1,048	397		26	99,033	646,261	-	646,261
2,640	-	2,402	4,988	4,569	2,441		32	175,394	394,923	-	394,923
-	-	-	-	-	-		-	9,793	54,720	-	54,720
-	-	-	-	-	-		-	49,850	73,878	-	73,878
-	-	-	-	-	-		-	-	-	-	-
-	-	-	-	-	-		-	160	23,393	-	23,393
4,416	-	5,068	11,914	20,552	9,756		137	1,261,721	5,045,423	1475,272	3,570,151
-	-	-	-	-	-		-	-	15,000	15,000	-
-	-	-	-	-	-		-	-	-	-	-
-	-	-	-	-	-		-	-	-	-	-
-	-	-	-	-	-		-	-	-	-	-
-	-	-	-	-	-		-	-	18,094	-	18,094
-	-	-	-	-	-		-	-	33,094	15,000	18,094
-	-	-	-	-	-		-	-	-	-	-
-	-	-	-	-	-		-	672	122,410	-	122,410
-	-	-	-	-	-		-	22,418	258,871	-	258,871
-	-	-	-	-	-		-	3,938	57,813	-	57,813
-	-	-	-	-	-		-	-	-	-	-
-	-	-	-	-	-		-	-	-	-	-
-	-	-	-	-	-		-	1206	488,277	-	488,277
-	-	-	-	-	-		-	-	-	-	-
-	-	-	-	-	-		-	-	6,441	-	6,441
-	-	-	-	-	-		-	28,234	933,812	-	933,812
-	-	-	-	-	-		-	-	-	-	-
-	-	-	-	-	-		-	126,244	549,730	-	549,730
-	-	-	-	-	-		-	23	192,187	-	192,187
11	-	8	341	26	7		34,300	28,171	962,638	20,115	942,523
-	-	-	-	-	-		-	50,000	175,777	-	175,777
11	-	8	341	26	7		34,300	204,438	1,880,332	20,115	1,860,217
-	-	-	-	-	-		-	-	-	-	-
-	-	-	-	-	-		-	-	9,779	-	9,779
-	-	-	-	-	-		-	-	-	-	-
-	-	-	-	-	-		-	-	-	-	-
-	-	-	-	-	-		-	-	9,779	-	9,779
-	-	-	-	-	-		-	-	-	-	-
-	-	-	-	-	-		-	2,225	91,127	-	91,127
-	-	-	-	-	-		-	52	19,057	-	19,057
17	-	39	78	81	31		1	17,544	83,632	-	83,632
-	-	-	-	-	-		-	9,334	43,476	-	43,476
17	-	39	78	81	31		1	29,155	237,292	-	237,292

Spokane Housing Authority

Financial Data Schedules (continued)

June 30, 2015

Line Item #	Account description	Low Rent					
		Parsons Apts WA 055000001	Scattered Sites WA 055000002	14.871Housing Choice Vouchers	6.1Component Units - Discretely Presented	2 State/ Local	1Business Activities
96200	Other general expenses	\$ -	\$ -	\$ 48,124	\$ 35,755	\$ -	\$ 36,273
96210	Compensated absences	4,338	6,239	116,160	-	-	-
96300	Payments in lieu of taxes	412	6,891	-	-	-	-
96400	Bad debt - tenant rents	677	648	-	26,336	-	68,771
96500	Bad debt - mortgages	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-
96800	Severance expense	3,266	4,898	4,559	1,297	-	9,196
96000	Total Other General Expenses	8,693	18,676	168,843	63,388	-	114,240
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	41,854	-	1016,474
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	2,675
96730	Amortization of Bond Issue Costs	-	-	-	31,166	-	6,318
96700	Total Interest Expense and Amortization Cost	-	-	-	73,020	-	1,025,467
96900	Total Operating Expenses	278,689	380,107	2,916,825	865,640	5,122	3,555,345
97000	Excess Revenue Over Operating Expenses	20,447	139,207	22,856,413	31,795	-	946,968
97100	Extraordinary maintenance	-	30,230	-	12,002	-	30,936
97200	Casualty losses- Non-capitalized	-	-	-	-	-	97,206
97300	Housing assistance payments	-	-	24,058,888	-	-	-
97350	HAP Portability-in	-	-	154,948	-	-	-
97400	Depreciation expense	52,500	322,711	1,741	1,090,357	-	1,142,076
97500	Fraud losses	-	-	-	-	-	-
97600	Capital Outlays - Governmental Funds	-	-	-	-	-	-
97700	Debt Principal Payments - Governmental Funds	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-
90000	Total Expenses	331,189	733,048	27,132,402	1,967,999	5,122	4,825,563
10010	Operating transfer in	-	-	-	-	-	-
10020	Operating transfer out	-	-	-	-	-	-
10030	Operating transfers from / to primary government	-	-	-	-	-	-
10040	Operating transfers from / to component unit	-	-	-	-	-	-
10050	Proceeds from Notes, Loans & Bonds	-	-	-	-	-	-
10060	Proceeds from Property Sales	-	-	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-	-	-
10080	Special items, net gain/loss	-	-	-	-	-	-
10091	Inter Project Excess Cash Transfer In	62,500	-	-	-	-	-
10092	Inter Project Excess Cash Transfer Out	-	(62,500)	-	-	-	-
10093	Transfers between Programs and Projects - in	-	-	-	-	-	-
10094	Transfers between Programs and Projects - out	-	-	-	-	-	-
10100	Total other financing sources (uses)	62,500	(62,500)	-	-	-	-
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$ 30,447	\$ (276,234)	\$ (1,359,164)	\$ (1,070,564)	\$ -	\$ (323,250)

Spokane Housing Authority
Financial Data Schedules (continued)

June 30, 2015

14.267 Continuum of Care Program	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	8 Other Federal Program 1	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.191 Multifamily Housing Service Coordinators	COCC	Subtotal	ELIM	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 121,152	\$ -	\$ 121,152
-	-	-	-	-	-	-	60,448	187,185	-	187,185
-	-	-	-	-	-	-	-	7,303	-	7,303
-	-	-	-	-	-	-	-	96,432	-	96,432
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	8,064	31,280	-	31,280
-	-	-	-	-	-	-	69,512	443,352	-	443,352
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	21,711	1,080,039	-	1,080,039
-	-	-	-	-	-	-	-	2,675	2,675	-
-	-	-	-	-	-	-	-	37,484	-	37,484
-	-	-	-	-	-	-	21,711	1,120,198	2,675	1,117,523
4,444	-	5,115	12,333	20,659	9,794	34,438	1614,771	9,703,282	1513,062	8,190,220
92,070	-	107,117	134,251	294,722	120,894	803	368,943	25,113,630	-	25,113,630
-	-	-	-	-	-	-	27,141	100,309	-	100,309
-	-	-	-	-	-	-	-	97,206	-	97,206
99,813	-	107,203	135,069	271,629	110,005	-	-	24,782,607	-	24,782,607
-	-	-	-	-	-	-	-	154,948	-	154,948
-	-	-	-	-	-	-	103,344	2,712,729	-	2,712,729
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
104,257	-	112,313	147,402	292,288	119,799	34,438	1,745,256	37,551,081	1,513,062	36,038,019
-	-	2,585	-	-	-	-	-	2,585	2,585	-
-	-	-	-	-	-	-	(2,585)	(2,585)	(2,585)	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	62,500	62,500	-
-	-	-	-	-	-	-	-	(62,500)	(62,500)	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	2,585	-	-	-	-	(2,585)	-	-	-
\$ (7,743)	\$ -	\$ 2,499	\$ (818)	\$ 23,093	\$ 10,889	\$ 803	\$ 235,873	\$ (2,734,169)	\$ -	\$ (2,734,169)

Spokane Housing Authority
Financial Data Schedules (continued)

June 30, 2015

Line Item #	Account description	Parsons	Low Rent	14.871Housing	6.1Component	2 State/	1Business
		Apts WA 055000001	Scattered Sites WA 055000002	Choice Vouchers	Units - Discretely Presented	Local	Activities
11020	Required Annual Debt Principal Payments	\$ -	\$ -	\$ -	\$ 35,000	\$ -	\$ 441,607
11030	Beginning equity	829,354	2,815,063	2,195,461	20,248,122	-	(3,995,057)
11040	Prior period adjustments, equity transfers, and correction of errors	-	-	-	-	-	(26,735)
11170	Administrative Fee Equity	-	-	705,736	-	-	-
11180	Housing Assistance Payments Equity	-	-	130,561	-	-	-
11190	Number of Unit Months Available	600	900	60,633	1,632	-	7,224
11210	Unit Months Leased	572	869	59,541	1,537	-	6,887
11270	Excess Cash	130,197	187,475	-	-	-	-
11610	Land Purchases	-	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-	-
11630	Furniture & Equipment-Dwelling Purchases	3,640	3,746	-	-	-	-
11640	Furniture & Equipment-Administrative Purchases	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	22,417	43,427	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	-
13510	CFFP Debt Service Payments	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-

Spokane Housing Authority
Financial Data Schedules (continued)

June 30, 2015

14.267 Continuum of Care Program	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	8 Other Federal Program 1	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.191 Multifamily Housing Service Coordinators	COCC	Subtotal	ELIM	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,805	\$ 502,412	\$ -	\$ 502,412
(6,603)	-	(22,204)	2,350	78,276	31,264	1,794	2,156,938	24,334,758	-	24,334,758
-	-	-	-	-	-	-	(2,741,335)	(2,768,070)	-	(2,768,070)
-	-	-	-	-	-	-	-	705,736	-	705,736
-	-	-	-	-	-	-	-	130,561	-	130,561
-	-	205	340	624	300	-	-	72,458	-	72,458
-	-	205	340	604	282	-	-	70,837	-	70,837
-	-	-	-	-	-	-	-	317,672	-	317,672
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	7,386	-	7,386
-	-	-	-	-	-	-	29,647	29,647	-	29,647
-	-	-	-	-	-	-	7,620	73,464	-	73,464
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-

June 30, 2015

[illegible]

Spokane Housing Authority

Combining Statement of Net Position (Continued)

June 30, 2015

Cedar West Apts	Hifumi En Apts	McDonald Manor	Heritage Heights	Westfall Village	Grants	Development	Other Business Activities	Central Office Cost Center	Subtotal	Eliminating Entries	Total
\$ 113,287	\$ 110,170	\$ -	\$ 247,535	\$ 624,328	\$ 401	\$ 7,338	\$ -	\$ 1,153,549	\$ 4,169,176	\$ -	\$ 4,169,176
2,828	139	-	6,867	13,541	23,810	-	1,873	259,599	590,554	(25,248)	565,306
-	-	-	-	-	-	-	-	1,023	1,023	-	1,023
17,077	5,607	-	3,440	6,851	-	315	-	60,720	185,044	-	185,044
-	-	-	-	-	-	-	-	350,970	361,226	(322,608)	38,618
-	-	-	-	-	-	-	-	-	133,752	-	133,752
29,671	7,291	-	16,196	30,265	-	-	-	-	219,609	-	219,609
162,863	123,207	-	274,038	674,985	24,211	7,653	1,873	1,825,861	5,660,384	(347,856)	5,312,528
341,731	-	-	-	-	-	-	-	136,760	1,357,614	-	1,357,614
250,200	50,000	-	112,157	290,719	-	-	-	267,563	2,716,539	-	2,716,539
2,917,895	1,395,820	-	1,590,791	2,786,185	-	-	-	1,171,623	27,963,132	-	27,963,132
102,635	47,645	-	11,325	78,065	-	-	-	-	1,516,802	-	1,516,802
5,133	41,597	-	6,399	15,125	-	-	-	352,187	613,397	-	613,397
244,083	77,849	-	456,516	596,549	-	-	-	162,577	5,371,003	-	5,371,003
-	-	-	-	-	-	-	-	-	56,557	-	56,557
-	-	-	-	-	-	-	-	39,875	39,875	-	39,875
(1,974,001)	(719,284)	-	(354,925)	(601,826)	-	-	-	(988,695)	(20,060,987)	-	(20,060,987)
1,545,945	893,627	-	1,822,263	3,164,817	-	-	-	1,005,130	18,216,318	-	18,216,318
-	-	-	-	-	-	-	-	170,318	170,318	(47,270)	123,048
1,887,676	893,627	-	1,822,263	3,164,817	-	-	-	1,312,208	19,744,250	(47,270)	19,696,980
\$ 2,050,539	\$ 1,016,834	\$ -	\$ 2,096,301	\$ 3,839,802	\$ 24,211	\$ 7,653	\$ 1,873	\$ 3,138,069	\$ 25,404,634	\$ (395,126)	\$ 25,009,508
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 235,129	\$ 235,129	\$ -	\$ 235,129
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 235,129	\$ 235,129	\$ -	\$ 235,129

Spokane Housing Authority

Combining Statement of Net Position (Continued)

June 30, 2015

	Section 8	Parsons Apts	Scattered Sites	Court View Apts	Sharon Lord Apts	Newark Apts	Woodhaven Apts	Valley 206 Apts	Cedar West Apts
LIABILITIES									
<i>Current Liabilities:</i>									
Accounts Payable	\$ 3,378	\$ 6,064	\$ 9,182	\$ 2,760	\$ 595	\$ 2,535	\$ 40,837	\$ 31,361	\$ 11,669
Accounts Payable - Intergovernment	6,023	-	-	-	-	-	-	-	-
Tenant Security Deposits	-	10,156	24,384	5,195	1,200	-	19,405	75,846	29,671
Accrued Wages and Payroll Taxes	-	-	-	-	-	-	-	-	-
Accrued Compensated Absences, Current Portion	7,580	292	439	-	-	-	-	-	-
Accrued Interest Payable	-	-	-	-	-	-	71,538	30,260	56,762
Unearned Revenue	-	875	924	-	-	-	804	10,492	2,153
Other Current Liabilities	-	525	278	12	229	21	4,204	4,398	388
Current Portion of Long-Term Debt	-	-	-	6,551	-	-	78,244	195,392	107,718
Current Portion of Capital Leases	-	-	-	-	-	-	-	-	-
Interprogram Due To	58,873	26,008	58,353	493	609	981	30,742	23,285	8,637
Total Current Liabilities	75,854	43,920	93,560	15,011	2,633	3,537	245,774	371,034	216,998
<i>Noncurrent Liabilities:</i>									
Accrued Compensated Absences, Net of Current	77,085	3,791	5,686	-	-	-	-	-	-
Long-Term Debt, Net of Current	-	-	-	114,183	-	152,000	2,272,782	7,714,399	2,458,866
Capital Leases, Net of Current	-	-	-	-	-	-	-	-	-
Net Pension Liability	-	-	-	-	-	-	-	-	-
Other Noncurrent Liabilities	-	-	-	-	-	-	-	-	-
Total Noncurrent Liabilities	77,085	3,791	5,686	114,183	-	152,000	2,272,782	7,714,399	2,458,866
TOTAL LIABILITIES	\$ 152,939	\$ 47,711	\$ 99,246	\$ 129,194	\$ 2,633	\$ 155,537	\$ 2,518,556	\$ 8,085,433	\$ 2,675,864
DEFERRED INFLOWS OF RESOURCES									
Deferred Inflows Related to Pensions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET POSITION									
Net Investment in Capital Assets	\$ 917	\$ 698,862	\$ 2,299,868	\$ (37,961)	\$ 207,633	\$ (92,372)	\$ (602,365)	\$ (3,223,597)	\$ (967,532)
Restricted For:									
Housing Assistance Payments	133,752	-	-	-	-	-	-	-	-
Debt Service Reserves	-	-	-	-	-	-	320,225	558,898	341,731
Replacement Reserves	-	-	-	-	-	-	-	-	-
Operating and Other Reserves	-	-	-	-	-	-	-	-	-
Unrestricted	845,150	160,939	238,961	88,195	25,969	50,829	13,232	350,968	476
TOTAL NET POSITION	\$ 979,819	\$ 859,801	\$ 2,538,829	\$ 50,234	\$ 233,602	\$ (41,543)	\$ (268,908)	\$ (2,313,731)	\$ (625,325)

Spokane Housing Authority

Combining Statement of Net Position (Continued)

June 30, 2015

Hifumi En Apts	McDonald Manor	Heritage Heights	Westfall Village	Grants	Development	Other Business Activities	Central Office Cost Center	Subtotal	Eliminating Entries	Total
\$ 4,115	\$ -	\$ 4,202	\$ 5,713	\$ -	\$ 9	\$ -	\$ 10,047	\$ 132,467	\$ -	\$ 132,467
-	-	-	-	-	-	-	-	6,023	-	6,023
7,291	-	16,196	30,265	-	-	-	-	219,609	-	219,609
-	-	-	-	-	-	-	167,121	167,121	-	167,121
-	-	-	-	-	-	-	36,268	44,579	-	44,579
-	-	18,520	33,685	-	-	-	-	210,765	-	210,765
114	-	3,236	5,033	-	-	-	-	23,631	-	23,631
466	-	391	679	-	-	-	36,562	48,153	-	48,153
26,342	-	25,310	46,036	-	-	-	130,063	615,656	(25,248)	590,408
-	-	-	-	-	-	-	5,460	5,460	-	5,460
81,906	-	7,161	12,896	54,133	-	1,873	-	365,950	(322,608)	43,342
120,234	-	75,016	134,307	54,133	9	1,873	385,521	1,839,414	(347,856)	1,491,558
-	-	-	-	-	-	-	145,971	232,533	-	232,533
1,475,365	-	1,832,077	3,318,471	-	-	-	373,360	19,711,503	(47,270)	19,664,233
-	-	-	-	-	-	-	16,260	16,260	-	16,260
-	-	-	-	-	-	-	1,884,880	1,884,880	-	1,884,880
-	-	503,448	881,034	-	-	-	-	1,384,482	-	1,384,482
1,475,365	-	2,335,525	4,199,505	-	-	-	2,420,471	23,229,658	(47,270)	23,182,388
\$ 1,595,599	\$ -	\$ 2,410,541	\$ 4,333,812	\$ 54,133	\$ 9	\$ 1,873	\$ 2,805,992	\$ 25,069,072	\$ (395,126)	\$ 24,673,946
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 915,730	\$ 915,730	\$ -	\$ 915,730
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 915,730	\$ 915,730	\$ -	\$ 915,730
\$ (588,669)	\$ -	\$ (35,124)	\$ (199,690)	\$ -	\$ -	\$ -	\$ 479,987	\$ (2,060,043)	\$ -	\$ (2,060,043)
-	-	-	-	-	-	-	-	133,752	-	133,752
-	-	-	-	-	-	-	-	1,220,854	-	1,220,854
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	136,760	136,760	-	136,760
9,904	-	(279,116)	(294,320)	(29,922)	7,644	-	(965,271)	223,638	-	223,638
\$ (578,765)	\$ -	\$ (314,240)	\$ (494,010)	\$ (29,922)	\$ 7,644	\$ -	\$ (348,524)	\$ (345,039)	\$ -	\$ (345,039)

Spokane Housing Authority

Combining Statement of Revenues, Expenses, and Changes in Net Position

June 30, 2015

	Section 8	Parsons Apts	Scattered Sites	Court View Apts	Sharon Lord Apts	Newark Apts	Woodhaven Apts	Valley 206 Apts
OPERATING REVENUES:								
Tenant Rental Revenue	\$ -	\$ 109,756	\$ 200,699	\$ 68,427	\$ 28,538	\$ 38,880	\$ 554,942	\$ 1,448,027
HUD Operating Subsidies	25,977,018	141,232	246,699	-	-	-	-	-
Other Government Grants	-	-	-	-	-	-	-	-
Other Tenant Revenue	-	5,082	9,317	4,186	1,262	-	20,017	72,472
Other Revenue	239,513	16,479	26,540	-	-	-	24,402	7,754
TOTAL OPERATING REVENUES	26,216,531	272,549	483,255	72,613	29,800	38,880	599,361	1,528,253
OPERATING EXPENSES:								
<i>Administrative:</i>								
Administrative Wages	774,251	24,018	35,498	9,084	3,406	4,542	37,332	57,435
Auditing Fees	50,996	2,638	3,146	-	-	-	-	-
Employee Benefit Contributions	489,355	23,737	33,920	4,077	1,529	2,046	23,184	53,027
Management & Bookkeeping fees	1,179,067	41,727	61,538	7,088	2,863	3,908	48,261	74,036
Other Operating Expenses	107,586	16,124	11,294	1,833	1,525	732	18,635	50,252
Tenant Services	-	812	-	-	889	-	57	239
	2,601,255	109,056	145,396	22,082	10,212	11,228	127,469	234,989
<i>Utilities:</i>								
Electricity	-	16,485	3,017	2,425	136	5,202	21,017	35,239
Water	-	3,399	21,268	1,003	720	674	15,460	38,566
Sewer	-	33,338	45,832	9,333	2,693	4,059	26,636	76,099
Other Utilities Expenses	-	7,853	392	-	-	-	7,090	12,021
	-	61,075	70,509	12,761	3,549	9,935	70,203	161,925
<i>Ordinary Maintenance and Operations:</i>								
Contract Costs	282,820	38,387	55,026	7,833	5,869	5,740	73,173	155,092
Maintenance and Operations Wages	-	34,094	42,461	7,929	2,972	4,038	41,344	82,313
Employee Benefit Contributions	-	13,184	16,524	3,000	1,125	1,522	19,627	15,076
Materials and Other	-	14,523	53,698	2,039	1,165	1,223	48,996	52,409
	282,820	100,188	167,709	20,801	11,131	12,523	183,140	304,890
<i>General Expenses:</i>								
Housing Assistance Payments	24,595,470	-	-	-	-	-	-	-
Insurance Premiums	15,079	6,605	18,904	1,398	795	595	11,295	23,064
Other General Expenses	48,124	1,765	7,819	2,089	1,261	-	7,911	57,303
Depreciation and Amortization	1,741	52,500	322,711	18,509	16,911	9,150	83,422	490,213
	24,660,414	60,870	349,434	21,996	18,967	9,745	102,628	570,580
TOTAL OPERATING EXPENSES	27,544,489	331,189	733,048	77,640	43,859	43,431	483,440	1,272,384
OPERATING INCOME (LOSS)	\$ (1,327,958)	\$ (58,640)	\$ (249,793)	\$ (5,027)	\$ (14,059)	\$ (4,551)	\$ 115,921	\$ 255,869

Spokane Housing Authority

Combining Statement of Revenues, Expenses, and Changes in Net Position (Contd) June 30, 2015

Cedar West Apts	Hifumi En Apts	McDonald Manor	Heritage Heights	Westfall Village	Grants	Development	Other Business Activities	Central Office Cost Center	Subtotal	Eliminating Entries	Total
\$ 512,646	\$ 100,127	\$ 80,722	\$ 366,382	\$ 659,406	\$ -	\$ -	\$ -	\$ -	\$ 4,168,552	\$ -	\$ 4,168,552
-	164,824	-	-	-	35,241	-	-	-	26,565,014	-	26,565,014
-	-	-	-	-	360,452	-	-	-	360,452	-	360,452
19,679	2,089	3,003	7,074	20,776	-	-	-	-	164,957	-	164,957
-	21	1,263	98,091	-	-	-	19,661	1,978,042	2,411,766	(1,510,387)	901,379
532,325	267,061	84,988	471,547	680,182	395,693	-	19,661	1,978,042	33,670,741	(1,510,387)	32,160,354
25,564	28,482	4,001	19,079	41,279	8,209	2,537	-	918,652	1,993,369	-	1,993,369
-	-	-	-	-	-	-	-	8,839	65,619	-	65,619
10,800	12,822	1,959	12,922	33,938	3,399	934	-	185,089	892,738	-	892,738
30,336	17,898	8,497	36,863	67,208	-	-	1,286	-	1,580,576	(1,490,272)	90,304
19,327	6,943	1,188	16,716	29,744	15,184	1,025	-	235,197	533,305	-	533,305
-	110	-	122	42	-	-	-	-	2,271	-	2,271
86,027	66,255	15,645	85,702	172,211	26,792	4,496	1,286	1,347,777	5,067,878	(1,490,272)	3,577,606
11,451	40,844	1,018	13,400	25,021	-	-	-	22,418	197,673	-	197,673
6,896	2,941	3,200	5,507	14,197	-	-	-	672	114,503	-	114,503
49,344	28,010	8,339	40,707	72,216	-	-	-	1,206	397,812	-	397,812
1,117	59	-	2,894	3,405	-	-	-	3,938	38,769	-	38,769
68,808	71,854	12,557	62,508	114,839	-	-	-	28,234	748,757	-	748,757
34,486	19,491	14,778	37,803	49,896	34,660	4	18,375	28,171	861,604	(20,115)	841,489
37,075	25,342	3,225	22,353	53,576	-	696	-	126,244	483,662	-	483,662
15,254	9,545	1,298	5,336	9,980	-	310	-	50,000	161,781	-	161,781
17,728	4,884	742	15,073	23,357	-	-	-	27,164	263,001	-	263,001
104,543	59,262	20,043	80,565	136,809	34,660	1,010	18,375	231,579	1,770,048	(20,115)	1,749,933
-	-	-	-	-	342,085	-	-	-	24,937,555	-	24,937,555
11,241	3,883	1,433	6,530	13,260	-	-	-	11,611	125,693	-	125,693
11,319	2,457	1,483	102,632	12,195	-	6,243	-	1,000	263,601	-	263,601
151,254	67,585	28,549	101,451	175,032	-	-	-	103,344	1,622,372	-	1,622,372
173,814	73,925	31,465	210,613	200,487	342,085	6,243	-	115,955	26,949,221	-	26,949,221
433,192	271,296	79,710	439,388	624,346	403,537	11,749	19,661	1,723,545	34,535,904	(1,510,387)	33,025,517
\$ 99,133	\$ (4,235)	\$ 5,278	\$ 32,159	\$ 55,836	\$ (7,844)	\$ (11,749)	\$ -	\$ 254,497	\$ (865,163)	\$ -	\$ (865,163)

Spokane Housing Authority

Combining Statement of Revenues, Expenses, and Changes in Net Position (Contd) June 30, 2015

	Section 8	Parsons Apts	Scattered Sites	Court View Apts	Sharon Lord Apts	Newark Apts	Woodhaven Apts	Valley 206 Apts
NONOPERATING REVENUES (EXPENSES):								
Gain (Losses) on Capital Asset Disposition	-	910	(4,196)	-	-	-	(182)	(6,409)
Interest Expense and Related Charges	-	-	-	(1,272)	-	-	(147,086)	(365,777)
Interest Subsidy	-	-	-	-	-	-	-	-
Bond Issuance Costs and Amortization	-	-	-	-	-	-	-	-
Interest and Investment Income	2,776	526	1,166	353	94	200	208	3,825
TOTAL NONOPERATING REVENUES (EXPENSES)	2,776	1,436	(3,030)	(919)	94	200	(147,060)	(368,361)
<i>Income (Loss) Before Contributions, Transfers, Extraordinary and Special Items</i>	(1,325,182)	(57,204)	(252,823)	(5,946)	(13,965)	(4,351)	(31,139)	(112,492)
CAPITAL GRANTS AND CONTRIBUTIONS	-	25,151	39,089	-	-	-	-	-
TRANSFERS	-	62,500	(62,500)	-	-	-	-	-
CHANGE IN NET POSITION	(1,325,182)	30,447	(276,234)	(5,946)	(13,965)	(4,351)	(31,139)	(112,492)
NET POSITION, BEGINNING OF YEAR	2,305,001	829,354	2,815,063	56,180	247,567	(37,192)	(237,769)	(2,201,239)
ADJUSTMENT TO IMPLEMENT GASB 68	-	-	-	-	-	-	-	-
NET POSITION, END OF YEAR	<u>\$ 979,819</u>	<u>\$ 859,801</u>	<u>\$ 2,538,829</u>	<u>\$ 50,234</u>	<u>\$ 233,602</u>	<u>\$ (41,543)</u>	<u>\$ (268,908)</u>	<u>\$ (2,313,731)</u>

Spokane Housing Authority

Combining Statement of Revenues, Expenses, and Changes in Net Position (Contd) June 30, 2015

Cedar West Apts	Hifumi En Apts	McDonald Manor	Heritage Heights	Westfall Village	Grants	Development	Other Business Activities	Central Office Cost Center	Subtotal	Eliminating Entries	Total
(2,146)	2,962	178,957	(2,653)	(1,271)	-	-	-	-	165,972	-	165,972
(118,112)	(23,723)	(23,243)	(157,753)	(283,704)	-	-	-	(21,711)	(1,142,381)	2,675	(1,139,706)
-	-	-	36,015	65,506	-	-	-	-	101,521	-	101,521
-	(6,318)	-	-	-	-	-	-	-	(6,318)	-	(6,318)
124	84	78	1,007	2,411	-	-	-	5,672	18,524	(2,675)	15,849
(120,134)	(26,995)	155,792	(123,384)	(217,058)	-	-	-	(16,039)	(862,682)	-	(862,682)
(21,001)	(31,230)	161,070	(91,225)	(161,222)	(7,844)	(11,749)	-	238,458	(1,727,845)	-	(1,727,845)
-	-	-	-	-	-	-	-	-	64,240	-	64,240
-	-	(46,128)	-	-	2,585	-	-	43,543	-	-	-
(21,001)	(31,230)	114,942	(91,225)	(161,222)	(5,259)	(11,749)	-	282,001	(1,663,605)	-	(1,663,605)
(604,324)	(547,535)	(114,942)	(223,015)	(332,788)	(24,663)	19,393	-	2,137,545	4,086,636	-	4,086,636
-	-	-	-	-	-	-	-	(2,768,070)	(2,768,070)	-	(2,768,070)
<u>\$ (625,325)</u>	<u>\$ (578,765)</u>	<u>\$ -</u>	<u>\$ (314,240)</u>	<u>\$ (494,010)</u>	<u>\$ (29,922)</u>	<u>\$ 7,644</u>	<u>\$ -</u>	<u>\$ (348,524)</u>	<u>\$ (345,039)</u>	<u>\$ -</u>	<u>\$ (345,039)</u>

Spokane Housing Authority

Combining Statement of Cash Flows

June 30 2015

	Section 8	Parsons Apts	Scattered Sites	Court View Apts	Sharon Lord Apts	Newark Apts	Woodhaven Apts	Valley 206 Apts
CASH FLOWS FROM OPERATING ACTIVITIES:								
Receipts from Tenants and Others	\$ -	\$ 114,990	\$ 210,675	\$ 72,603	\$ 29,879	\$ 35,640	\$ 556,417	\$ 1,515,244
Receipts from Government Operating Grants	25,848,835	141,232	256,865	-	-	-	-	-
Housing Assistance Payments	(24,595,470)	-	-	-	-	-	-	-
Payments to Employees	(1,229,724)	(98,611)	(133,769)	(24,090)	(9,032)	(12,148)	(121,487)	(207,851)
Payments to Vendors and Suppliers	(1,707,221)	(198,669)	(308,386)	(35,896)	(19,216)	(20,927)	(285,727)	(573,438)
Other Receipts (Payments)	237,504	16,479	26,540	-	-	-	24,402	7,754
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(1,446,076)	(24,579)	51,925	12,617	1,631	2,565	173,605	741,709
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
Transfers	-	62,500	(62,500)	-	-	-	-	-
Principal on Operating Debt Received (Issued)	-	-	-	-	-	-	-	-
Payments (to) from Related Parties	(45,678)	5,720	39,774	(713)	(76)	(884)	21,810	31
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(45,678)	68,220	(22,726)	(713)	(76)	(884)	21,810	31
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Capital Contributions (Distributions)	-	25,151	34,006	-	-	-	-	-
Purchases of Capital Assets	-	(26,053)	(47,171)	(7,691)	(464)	(5,386)	(66,347)	(83,260)
Proceeds from Sale of Capital Assets	921	3,556	-	-	-	-	-	-
Proceeds from Issuance of Capital Debt	-	-	-	-	-	-	-	-
Principal Paid on Capital Debt	-	-	-	(6,486)	-	-	(73,244)	(181,210)
Capital Debt Interest Subsidy Received	-	-	-	-	-	-	-	-
Interest Paid on Capital Debt	-	-	-	(1,272)	-	-	(149,341)	(366,485)
Other Receipts (Payments)	-	-	-	-	-	-	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	921	2,654	(13,165)	(15,449)	(464)	(5,386)	(288,932)	(630,955)
CASH FLOWS FROM INVESTING ACTIVITIES:								
Interest Received	2,776	526	1,166	353	94	200	208	3,825
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,776	526	1,166	353	94	200	208	3,825
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,488,057)	46,821	17,200	(3,192)	1,185	(3,505)	(93,309)	114,610
CASH AT BEGINNING OF YEAR	2,364,543	138,072	293,527	97,808	26,110	57,017	550,594	942,205
CASH AT END OF YEAR	<u>\$ 876,486</u>	<u>\$ 184,893</u>	<u>\$ 310,727</u>	<u>\$ 94,616</u>	<u>\$ 27,295</u>	<u>\$ 53,512</u>	<u>\$ 457,285</u>	<u>\$ 1,056,815</u>
CASH AND CASH EQUIVALENTS CONSIST OF:								
Cash - Unrestricted	\$ 742,734	\$ 174,737	\$ 286,343	\$ 89,421	\$ 26,095	\$ 53,512	\$ 117,655	\$ 422,071
Cash - Restricted	133,752	-	-	-	-	-	320,225	558,898
Cash - Tenant Security Deposits	-	10,156	24,384	5,195	1,200	-	19,405	75,846
	<u>\$ 876,486</u>	<u>\$ 184,893</u>	<u>\$ 310,727</u>	<u>\$ 94,616</u>	<u>\$ 27,295</u>	<u>\$ 53,512</u>	<u>\$ 457,285</u>	<u>\$ 1,056,815</u>

Spokane Housing Authority

Combining Statement of Cash Flows (Continued)

June 30 2015

Cedar West Apts	Hifumi En Apts	McDonald Manor	Heritage Heights	Westfall Village	Grants	Development	Other Business Activities	Central Office Cost Center	Subtotal	Eliminating Entries	Total
\$ 529,785	\$ 104,624	\$ 78,242	\$ 378,541	\$ 684,140	\$ -	\$ -	\$ -	\$ -	\$ 4,310,780		\$ 4,310,780
-	164,824	-	-	-	456,029	-	-	-	26,867,785		26,867,785
-	-	-	-	-	(342,085)	-	-	-	(24,937,555)		(24,937,555)
(88,693)	(76,191)	(10,483)	(59,690)	(138,773)	(11,608)	(4,477)	-	(1,451,249)	(3,677,876)		(3,677,876)
(214,044)	(133,932)	(42,643)	(282,063)	(322,516)	(53,787)	(7,578)	(19,661)	(387,266)	(4,612,970)	1,510,387	(3,102,583)
-	21	1,263	98,091	-	-	-	17,788	1,794,656	2,224,498	(1,510,387)	714,111
227,048	59,346	26,379	134,879	222,851	48,549	(12,055)	(1,873)	(43,859)	174,662	-	174,662
-	-	(46,128)	-	-	2,585	-	-	43,543	-	-	-
-	-	-	-	-	-	-	-	37,863	37,863	(37,863)	-
240	(3,342)	(21,652)	(111,178)	106,787	(50,733)	19,393	1,873	29,702	(8,926)	-	(8,926)
240	(3,342)	(67,780)	(111,178)	106,787	(48,148)	19,393	1,873	111,108	28,937	(37,863)	(8,926)
-	-	-	-	-	-	-	-	-	59,157		59,157
(49,662)	(12,736)	(11,281)	(36,680)	(93,352)	-	-	-	(77,143)	(517,226)		(517,226)
-	2,962	693,744	11,715	7,899	-	-	-	2,409	723,206		723,206
2,634	464,672	-	-	-	-	-	-	108,290	575,596		575,596
(107,046)	(482,353)	(643,489)	(23,696)	(43,097)	-	-	-	(25,130)	(1,585,751)	37,863	(1,547,888)
-	-	-	36,108	65,674	-	-	-	-	101,782		101,782
(120,503)	(23,723)	(23,525)	(111,201)	(202,255)	-	-	-	(21,711)	(1,020,016)	2,957	(1,017,059)
-	(6,318)	-	-	-	-	-	-	-	(6,318)		(6,318)
(274,577)	(57,496)	15,449	(123,754)	(265,131)	-	-	-	(13,285)	(1,669,570)	40,820	(1,628,750)
124	84	78	1,007	2,411	-	-	-	5,954	18,806	(2,957)	15,849
124	84	78	1,007	2,411	-	-	-	5,954	18,806	(2,957)	15,849
(47,165)	(1,408)	(25,874)	(99,046)	66,918	401	7,338	-	59,918	(1,447,165)	-	(1,447,165)
531,854	118,869	25,874	362,777	587,675	-	-	-	1,230,391	7,327,316	-	7,327,316
\$ 484,689	\$ 117,461	\$ -	\$ 263,731	\$ 654,593	\$ 401	\$ 7,338	\$ -	\$ 1,290,309	\$ 5,880,151	\$ -	\$ 5,880,151
\$ 113,287	\$ 110,170	\$ -	\$ 247,535	\$ 624,328	\$ 401	\$ 7,338	\$ -	\$ 1,153,549	\$ 4,169,176	\$ -	\$ 4,169,176
341,731	-	-	-	-	-	-	-	136,760	1,491,366	-	1,491,366
29,671	7,291	-	16,196	30,265	-	-	-	-	219,609	-	219,609
\$ 484,689	\$ 117,461	\$ -	\$ 263,731	\$ 654,593	\$ 401	\$ 7,338	\$ -	\$ 1,290,309	\$ 5,880,151	\$ -	\$ 5,880,151

Spokane Housing Authority

Combining Statement of Cash Flows (Continued)

June 30 2015

	Section 8	Parsons Apts	Scattered Sites	Court View Apts	Sharon Lord Apts	Newark Apts	Woodhaven Apts	Valley 206 Apts
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH								
PROVIDED (USED) BY OPERATING ACTIVITIES:								
Operating Income (Loss)	\$ (1,327,958)	\$ (58,640)	\$ (249,793)	\$ (5,027)	\$ (14,059)	\$ (4,551)	\$ 115,921	\$ 255,869
Adjustments to Reconcile Operating Income (Loss) to Net Cash								
Provided (Used) by Operating Activities:								
Depreciation and Amortization Expense	1,741	52,500	322,711	18,509	16,911	9,150	83,422	490,213
Change in Assets and Liabilities:								
Receivables	(127,697)	(1,929)	10,320	50	86	-	(26,229)	(3,066)
Prepays and Other Assets	(16,460)	(9,865)	(25,237)	(2,039)	(1,199)	(854)	(17,138)	(803)
Inventories	-	-	-	-	-	-	-	-
Other Noncurrent Assets	-	-	-	-	-	-	-	-
Deferred Outflows	-	-	-	-	-	-	-	-
Accounts Payable	(8,452)	(4,295)	(1,448)	1,173	(180)	2,065	31,923	2,065
Accounts Payable - Intergovernment	(1,132)	-	-	-	-	-	-	-
Tenant Security Deposits	-	889	791	740	-	-	(11,875)	2,015
Accrued Wages and Taxes Payable	-	-	-	-	-	-	-	-
Compensated Absences	33,882	(3,578)	(5,366)	-	-	-	-	-
Unearned Revenue	-	72	(262)	(800)	(7)	(3,240)	(4,810)	(4,230)
Other Liabilities	-	267	209	11	79	(5)	2,391	(354)
Net Pension Liability	-	-	-	-	-	-	-	-
Deferred Inflows	-	-	-	-	-	-	-	-
Total Adjustments	(118,118)	34,061	301,718	17,644	15,690	7,116	57,684	485,840
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES								
	<u>\$ (1,446,076)</u>	<u>\$ (24,579)</u>	<u>\$ 51,925</u>	<u>\$ 12,617</u>	<u>\$ 1,631</u>	<u>\$ 2,565</u>	<u>\$ 173,605</u>	<u>\$ 741,709</u>

Spokane Housing Authority

Combining Statement of Cash Flows (Continued)

June 30 2015

Cedar West Apts	Hifumi En Apts	McDonald Manor	Heritage Heights	Westfall Village	Grants	Development	Other Business Activities	Central Office Cost Center	Subtotal	Eliminating Entries	Total
\$ 99,133	\$ (4,235)	\$ 5,278	\$ 32,159	\$ 55,836	\$ (7,844)	\$ (11,749)	\$ -	\$ 254,497	\$ (865,163)	\$ -	\$ (865,163)
151,254	67,585	28,549	101,451	175,032	-	-	-	103,344	1,622,372	-	1,622,372
2,802	1,925	-	2,634	3,212	74,336	-	(1,873)	(180,886)	(246,315)	-	(246,315)
(17,077)	(5,607)	-	(351)	(442)	-	(315)	-	(10,826)	(108,213)	-	(108,213)
-	-	-	-	-	-	-	-	(360)	(360)	-	(360)
-	-	-	-	-	-	-	-	(2,500)	(2,500)	-	(2,500)
-	-	-	-	-	-	-	-	11,159	11,159	-	11,159
(3,428)	(784)	(616)	(3,159)	(10,388)	(3,943)	9	-	(37,380)	(36,838)	-	(36,838)
-	-	-	-	-	-	-	-	-	(1,132)	-	(1,132)
(594)	569	(5,450)	870	(411)	-	-	-	-	(12,456)	-	(12,456)
-	-	-	-	-	-	-	-	25,821	25,821	-	25,821
-	-	-	-	-	-	-	-	7,026	31,964	-	31,964
(4,748)	(86)	(33)	1,875	987	(14,000)	-	-	-	(29,282)	-	(29,282)
(294)	(21)	(1,349)	(600)	(975)	-	-	-	(5)	(646)	-	(646)
-	-	-	-	-	-	-	-	(1,129,479)	(1,129,479)	-	(1,129,479)
-	-	-	-	-	-	-	-	915,730	915,730	-	915,730
127,915	63,581	21,101	102,720	167,015	56,393	(306)	(1,873)	(298,356)	1,039,825	-	1,039,825
\$ 227,048	\$ 59,346	\$ 26,379	\$ 134,879	\$ 222,851	\$ 48,549	\$ (12,055)	\$ (1,873)	\$ (43,859)	\$ 174,662	\$ -	\$ 174,662

Spokane Housing Authority
Combining Statement of Net Position – Component Units
December 31, 2014

	Cornerstone Courtyard	The Pearl on Adams	Agnes Kehoe Place	Total
ASSETS				
<i>Current Assets:</i>				
Cash and Cash Equivalents	\$ 6,539	\$ 103,424	\$ 54,065	\$ 164,028
Receivables (Net)	2,747	2,493	6,084	11,324
Inventories	-	-	-	-
Prepays and Other Assets	1,310	4,008	6,313	11,631
Interprogram Due From	-	-	-	-
<i>Restricted Assets:</i>				
Cash and Cash Equivalents	213,867	490,939	509,262	1,214,068
Tenant Security Deposits	16,720	10,978	15,157	42,855
Total Current Assets	241,183	611,842	590,881	1,443,906
<i>Noncurrent Assets:</i>				
Restricted Cash and Cash Equivalents	-	-	-	-
<i>Capital Assets:</i>				
Land	285,532	225,835	115,574	626,941
Buildings	10,442,344	6,702,274	10,919,833	28,064,451
Equipment - Dwellings	134,355	88,784	137,612	360,751
Equipment - Administration	70,271	11,543	48,727	130,541
Leasehold Improvements	58,653	94,568	3,797	157,018
Construction In progress	-	-	-	-
Intangible Assets	-	-	-	-
Accumulated Depreciation	(2,802,249)	(1,378,934)	(1,264,689)	(5,445,872)
Total Capital Assets (Net)	8,188,906	5,744,070	9,960,854	23,893,830
Other Noncurrent Assets	117,831	96,129	104,918	318,878
Total Noncurrent Assets	8,306,737	5,840,199	10,065,772	24,212,708
TOTAL ASSETS	\$ 8,547,920	\$ 6,452,041	\$ 10,656,653	\$ 25,656,614
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Related to Pensions	\$ -	\$ -	\$ -	\$ -
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ -	\$ -	\$ -

Spokane Housing Authority
Combining Statement of Net Position – Component Units (Continued)
December 31, 2014

	Cornerstone Courtyard	The Pearl on Adams	Agnes Kehoe Place	Total
LIABILITIES				
<i>Current Liabilities:</i>				
Accounts Payable	\$ 36,628	\$ 14,786	\$ 25,357	\$ 76,771
Accounts Payable - Intergovernment	-	-	-	-
Tenant Security Deposits	16,720	10,978	15,157	42,855
Accrued Wages and Payroll Taxes	-	-	-	-
Accrued Compensated Absences, Current Portion	-	-	-	-
Accrued Interest Payable	1,062	-	-	1,062
Unearned Revenue	2,882	444	773	4,099
Other Current Liabilities	2,750	2,012	12,437	17,199
Current Portion of Long-Term Debt	38,943	15,000	-	53,943
Current Portion of Capital Leases	-	-	-	-
Interprogram Due To	-	-	-	-
Total Current Liabilities	98,985	43,220	53,724	195,929
<i>Noncurrent Liabilities:</i>				
Accrued Compensated Absences, Net of Current	-	-	-	-
Long-Term Debt, Net of Current	1,647,327	1,020,000	3,399,362	6,066,689
Capital Leases, Net of Current	-	-	-	-
Net Pension Liability	-	-	-	-
Other Noncurrent Liabilities	131,734	15,000	69,704	216,438
Total Noncurrent Liabilities	1,779,061	1,035,000	3,469,066	6,283,127
TOTAL LIABILITIES	\$ 1,878,046	\$ 1,078,220	\$ 3,522,790	\$ 6,479,056
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Related to Pensions	\$ -	\$ -	\$ -	\$ -
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ -	\$ -	\$ -	\$ -
NET POSITION				
Net Investment in Capital Assets	\$ 6,502,636	\$ 4,709,070	\$ 6,561,492	\$ 17,773,198
Restricted For:				
Housing Assistance Payments	-	-	-	-
Debt Service Reserves	-	-	-	-
Replacement Reserves	79,557	130,782	132,364	342,703
Operating and Other Reserves	134,310	360,157	376,898	871,365
Unrestricted	(46,629)	173,812	63,109	190,292
TOTAL NET POSITION	\$ 6,669,874	\$ 5,373,821	\$ 7,133,863	\$ 19,177,558

Spokane Housing Authority

Combining Statement of Revenues, Expenses and Changes in Net Position—Component Units For the year ended December 31, 2014

	Cornerstone Courtyard	The Pearl on Adams	Agnes Kehoe Place	Total
OPERATING REVENUES:				
Tenant Rental Revenue	\$ 324,762	\$ 201,254	\$ 305,881	\$ 831,897
HUD Operating Subsidies	-	-	-	-
Other Government Grants	-	-	-	-
Other Tenant Revenue	12,385	9,671	25,042	47,098
Other Revenue	167	-	5,666	5,833
TOTAL OPERATING REVENUES	337,314	210,925	336,589	884,828
OPERATING EXPENSES:				
<i>Administrative:</i>				
Administrative Wages	32,978	21,985	37,765	92,728
Auditing Fees	8,500	8,500	8,500	25,500
Employee Benefit Contributions	17,580	11,775	26,265	55,620
Management & Bookkeeping Fees	26,496	14,375	23,983	64,854
Other Operating Expenses	19,309	14,431	24,471	58,211
Tenant Services	33	-	15,790	15,823
	104,896	71,066	136,774	312,736
<i>Utilities:</i>				
Electricity	22,683	9,082	29,433	61,198
Water	3,145	1,527	3,235	7,907
Sewer	33,489	23,490	33,486	90,465
Other Utilities Expenses	10,433	3,682	11,370	25,485
	69,750	37,781	77,524	185,055
<i>Ordinary Maintenance and Operations:</i>				
Contract Costs	35,095	18,615	47,324	101,034
Maintenance and Operations Wages	19,512	12,810	33,746	66,068
Employee Benefit Contributions	4,004	2,623	7,369	13,996
Materials and Other	5,743	3,946	19,806	29,495
	64,354	37,994	108,245	210,593
<i>General Expenses:</i>				
Housing Assistance Payments	-	-	-	-
Insurance Premiums	11,640	6,360	9,967	27,967
Other General Expenses	30,344	18,107	19,820	68,271
Depreciation and Amortization	386,781	268,517	435,059	1,090,357
	428,765	292,984	464,846	1,186,595
TOTAL OPERATING EXPENSES	667,765	439,825	787,389	1,894,979
OPERATING INCOME (LOSS)	\$ (330,451)	\$ (228,900)	\$ (450,800)	\$ (1,010,151)

Spokane Housing Authority

Combining Statement of Revenues, Expenses and Changes in Net Position—Component Units (continued)

For the year ended December 31, 2014

	Cornerstone Courtyard	The Pearl on Adams	Agnes Kehoe Place	Total
NONOPERATING REVENUES (EXPENSES):				
Gain (Loss) on Capital Asset Disposition	2,962	5,234	949	9,145
Interest Expense and Related Charges	(16,359)	-	(25,495)	(41,854)
Interest Subsidy	-	-	-	-
Bond Issuance Costs and Amortization	(16,309)	(7,822)	(7,035)	(31,166)
Interest and Investment Income	920	408	2,134	3,462
TOTAL NONOPERATING REVENUES (EXPENSES)	(28,786)	(2,180)	(29,447)	(60,413)
<i>Income (Loss) Before Contributions, Transfers, Extraordinary and Special Items</i>	<i>(359,237)</i>	<i>(231,080)</i>	<i>(480,247)</i>	<i>(1,070,564)</i>
CAPITAL GRANTS AND CONTRIBUTIONS	-	-	-	-
CHANGE IN NET POSITION	(359,237)	(231,080)	(480,247)	(1,070,564)
NET POSITION, BEGINNING OF YEAR	7,029,111	5,604,901	7,614,110	20,248,122
ADJUSTMENT TO IMPLEMENT GASB 68	-	-	-	-
NET POSITION, END OF YEAR	\$ 6,669,874	\$ 5,373,821	\$ 7,133,863	\$ 19,177,558

Spokane Housing Authority
Combining Statement of Cash Flows – Component Units
For the year ended December 31, 2014

	Cornerstone Courtyard	The Pearl on Adams	Agnes Kehoe Place	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Tenants and Others	\$ 342,524	\$ 213,988	\$ 328,982	\$ 885,494
Receipts from Government Operating Grants	-	-	-	-
Housing Assistance Payments	-	-	-	-
Payments to Employees	(74,074)	(49,193)	(105,145)	(228,412)
Payments to Vendors and Suppliers	(211,004)	(130,393)	(245,309)	(586,706)
Other Receipts (Payments)	167	(1,988)	5,666	3,845
NET CASH PROVIDED (USED) BY OPERATING ACITVITIES	57,613	32,414	(15,806)	74,221
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers	-	-	-	-
Principal on Operating Debt Received (Issued)	-	-	-	-
Payments (to) from Related Parties	-	-	-	-
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital Contributions (Distributions)	-	-	-	-
Purchases of Capital Assets	(10,190)	(333)	(5,534)	(16,057)
Proceeds from Sale of Capital Assets	2,962	5,924	5,924	14,810
Proceeds from Issuance of Capital Debt	-	-	-	-
Principal Paid on Capital Debt	(38,740)	(15,000)	-	(53,740)
Capital Debt Interest Subsidy Received	-	-	-	-
Interest Paid on Capital Debt	(13,024)	15,000	-	1,976
Other Receipts (Payments)	-	-	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACITVITIES	(58,992)	5,591	390	(53,011)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	920	408	2,134	3,462
NET CASH PROVIDED BY INVESTING ACTIVITIES	920	408	2,134	3,462
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(459)	38,413	(13,282)	24,672
CASH AT BEGINNING OF YEAR	237,585	566,928	591,766	1,396,279
CASH AT END OF YEAR	\$ 237,126	\$ 605,341	\$ 578,484	\$ 1,420,951
CASH AND CASH EQUIVALENTS CONSIST OF:				
Cash - Unrestricted	\$ 6,539.00	\$ 103,424.00	\$ 54,065.00	\$ 164,028.00
Cash - Restricted	213,867	490,939	509,262	1,214,068
Cash - Tenant Security Deposits	16,720	10,978	15,157	42,855
	\$ 237,126	\$ 605,341	\$ 578,484	\$ 1,420,951

Spokane Housing Authority
Combining Statement of Cash Flows – Component Units (continued)
For the year ended December 31, 2014

	Cornerstone Courtyard	The Pearl on Adams	Agnes Kehoe Place	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ (330,451)	\$ (228,900)	\$ (450,800)	\$ (1,010,151)
Adjustments to Reconcile Operating Income (Loss) to Net Cash				
Provided (used) by Operating Activities:				
Depreciation and Amortization	386,781	268,517	435,059	1,090,357
Change in Assets and Liabilities:				
Receivables	2,053	(419)	(3,900)	(2,266)
Prepaid and Other Assets	(76)	244	840	1,008
Accounts Payable	(14,033)	(1,165)	(517)	(15,715)
Tenant Security Deposits	1,170	1,078	2,707	4,955
Unearned Revenue	2,169	416	(748)	1,837
Other Liabilities	10,000	(7,357)	1,553	4,196
Total Adjustments	388,064	261,314	434,994	1,084,372
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 57,613	\$ 32,414	\$ (15,806)	\$ 74,221

ABOUT THE STATE AUDITOR'S OFFICE

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